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PRC Quits Kuala Lumpur Piracy Conference

BK2007104594 Hong Kong AFP in English 0917 GMT 20 Jul 94

[Text] Kuala Lumpur, July 20 (AFP)—China stormed out of an international piracy conference here Wednesday in protest over the classification of Taiwan as a separate entity in a report highlighting the threat posed by "phantom ships" in Asia, maritime officials said.

Li Jinfa [name as received], a senior official of China's criminal investigation department, lodged a protest with the International Maritime Bureau (IMB) and refused to continue participating in the conference.

Li had attended the opening day of the two-day conference on Tuesday to the delight of the IMB which had sought greater cooperation from Beijing to halt piracy attacks off China's coast and the growing threat of phantom ships.

Phantom ships are those which enter a port, pick up cargo and then disappear, to reappear elsewhere later with a new name and repeat the feat.

"Mr Li protested to IMB director Eric Allen this morning over the classification of Taiwan as a separate country and said he would not continue attending the meeting," one maritime official, speaking on condition of anonymity, told AFP.

Mazlan Abdul Samad, manager of the IMB's Kuala Lumpur-based regional piracy centre which hosted the conference, confirmed that China stayed away from the entire session on Wednesday. He declined to elaborate.

A source said that the IMB had admitted that it "committed an error" by identifying Taiwan as a separate country in the report.

The London-based IMB is an arm of the International Maritime Organisation (IMO), a body of the United Nations which recognises the People's Republic of China as the sole legitimate government of all China, including Nationalist-ruled Taiwan.

Taiwan did not attend the conference attended also by Australia, Hong Kong, Indonesia, Singapore, the United States and the Interpol secretariat.

Beijing has viewed Taiwan as a renegade province since the communists drove the nationalists to the island following the 1949 Chinese civil war. The Chinese government has been trying to isolate Taipei internationally to force it to accept its "one country, two systems" formula for reunification.

ASEAN Seeks 'New Modalities' of Cooperation

BK2107091094 Bangkok THE NATION in English 21 Jul 94 p A8

[Text] ASEAN foreign ministers began arriving yesterday for a meeting which Foreign Minister Prasong Sunsiri said will lead to an expansion of the grouping's membership and widening of cooperation with its dialogue partners to cover the environment, human rights and technology transfer.

Prasong said the six-member Asean is seeking new modalities aimed at more cooperation with countries outside the regional grouping.

"More non-Asean countries have expressed interest in joining Asean... It is a challenge for Asean to find appropriate modalities for cooperation with these countries to attain mutual benefits," he said after presiding over the closing of the agenda-setting meeting of the Asean Standing Committee, the administrative arm of Asean.

The 27th meeting of the Asean foreign ministers which begins tomorrow will for the first time bring together all the 10 Southeast Asian nations, four of which have yet to become full Asean members. They are Burma, Laos, Vietnam and Kampuchea.

Last year, Asean established consultative meetings with Laos, Vietnam, Papua New Guinea, Russia and China.

India has also expressed interest in upgrading its status to that of a dialogue partner. At present, Asean has seven dialogue partners, including South Korea, the United States, Canada, Japan, and the European union.

There are other countries which have shown interest in joining the grouping, he said. While Australia and New Zealand want to join the Asean Treaty of Amity and Cooperation in Southeast Asia and integrate with the Asean Free Trade Area, Fiji has applied for a special guest status to observe the Asean meetings. Mongolia has also sought support to join Asean.

As for Vietnam, Prasong said the Asean foreign ministers will weigh the country's "readiness" to join the group during the Bangkok meeting.

"In principle, the Asean countries are not against Vietnam's application," said Prasong.

But he said the "key criteria" for acceptance would be Vietnam's "willingness to participate in all Asean activities," including financial ventures.

One such venture is the Asean Fund, a communal financing pool for which Asean members are to provide US$1 million. Prasong said the fund would be located in Jakarta.

He also described as "the best opportunity for regional security" the Asean Regional Forum (ARF) next week. He indicated the security-oriented ARF gathering, which will draw representatives of 18-countries this year, could become an annual event if ministers felt it was warranted.

Prasong also said that the proposed new forum for dialogue among all the 10 Southeast Asian nations should serve as a springboard for a full integration of the remaining four non-Asean countries into the grouping.

The forum, known as Sea-10, is expected to eventually lead Vietnam, Laos, and Cambodia to become full members of Asean, Prasong said.

"The Sea-10 has been initiated so that the four non-Asean countries have the opportunity to solve outstanding issues among themselves without preconditions from Asean," he said, insisting that the forum is a project outside Asean.

"The Sea-10 will be the training ground for the four countries so that they can prepare themselves to become Asean members," he said.

Philippine Foreign Minister Roberto Romulo, meanwhile, said Asean members are looking forward to discussing the Sea-10 forum.

"I am convinced that this (the Sea-10), will happen. The more we discuss the better for all parties in Southeast Asia," Romulo said.

But Malaysian Foreign Minister Abdullah Badawi took a different view, saying that the proposed forum is not necessary.

"We have Asean, and that's good enough," he said.

A senior Thai Foreign Ministry official told The Nation that Prasong's statement concerning the Sea-10 is a compromise among the Asean members in response to concerns that the Sea-10 would overlap the existence of Asean.

The Philippines in May this year organized an academic seminar on the Sea-10 proposal in which Thailand was represented by Thai Deputy Foreign Minister Surin Phitsuwan.

The Manila meeting released a document, entitled "Southeast Asia Beyond the year 2000."

The Thai official said the Thai side has already withdrawn the document attached to the documents for the Asean meeting. "It is a sort of compromise," he said.

But he said he expected Asean foreign ministers to welcome the proposal during their meeting here.

Thailand plans to host the first formal meeting of the Sea-10 in late 1994 or early 1995.

Ministers Agree 'in Principle' to SRV Membership

OW2107082594 Tokyo KYODO in English 0804 GMT 21 Jul 94

[By Maria Teresa Villanueva]

[Text] Bangkok, July 21 KYODO—Foreign ministers from the six-member Association of Southeast Asian Nations (ASEAN) will endorse Vietnam's early membership in the regional grouping as a concrete step in the formation of a "southeast Asian community," according to a revised draft communique obtained Thursday [21 Jul] by KYODO NEWS SERVICE.

The draft of the political portion of the joint communique, to be issued at the end of their two-day meeting Saturday, said the ministers "agreed in principle that Vietnam could be admitted into ASEAN" and instructed officials to immediately begin work on appropriate modalities and arrangements.

It said the foreign ministers "hope that relations between ASEAN and the four other southeast Asian states would further intensify and reiterated their commitment to building a southeast Asian community through common membership in ASEAN."

ASEAN currently groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, and officials of the association have stated their hopes of including Vietnam, Laos, Cambodia and Myanmar [Burma] in their grouping.

The draft document noted that for the first time, foreign ministers from all 10 southeast Asian countries are attending the annual ASEAN ministerial meeting. Vietnam and Laos are attending as observers, Cambodia as an ASEAN guest, and Myanmar as a special guest of Thailand.

The document also said foreign ministers are expected to reaffirm principles contained in the 1992 ASEAN Declaration on the South China Sea and its positive contributions to the reduction of tensions in the region due to overlapping territorial claims in the area.

The ministers will also express appreciation for the ongoing workshop series on managing potential conflicts in the South China Sea initiated by Indonesia, which they said promote confidence building among the countries with overlapping claims in the area.

The mineral-rich Spratly chain of islands in the South China Sea is being claimed in part or in whole by China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan.

The draft document also said the foreign ministers are going to reiterate their commitment to ASEAN's vision of establishing a zone of peace freedom and neutrality, and will note the progress achieved in strengthening recognition of the association's 1976 Treaty of Amity and Cooperation in Southeast Asia.

They will also note the progress in the drafting of the treaty on southeast Asia nuclear-weapon-free zone and will direct senior officials working on the zone and the treaty to continue their work.

SEA-10 Receives 'Little Welcome' From Officials

BK2107105394 Bangkok BANGKOK POST in English 21 Jul 94 p 6

[By Nusara Thaithawat]

[Text] Is it dead or alive, half dead, or perhaps half alive? Thailand's Southeast Asian Ten Nations or SEA-10 initiative is gasping for air.

Highly placed diplomatic sources said the initiative received little welcome at the senior officials meeting, which ended yesterday, ahead of the 27th ASEAN Ministerial Meeting tomorrow and Saturday.

"Some people didn't like its high profile" commented one source.

"What is the SEA-10 initiative?... No. I don't think we need it. We have ASEAN, that's good enough," commented Malaysian Foreign Minister Abdullah Ahmad Badawi upon arrival at the meeting venue yesterday.

Foreign Minister Prasong Sunsiri first mentioned the SEA-10 initiative at last year's 26th ASEAN Ministerial Meeting in Singapore.

Deputy Foreign Minister Surin Phitsuwan has since been active in promoting the initiative. He attended a meeting of academics in late May in Manila on the topic. The meeting issued a "Southeast Vision."

Mr Surin more recently told reporters Thailand would host another meeting, this time among decision-makers, either at the end of this year or early next year.

Another source said Thailand would continue the initiative, "but it won't have the same high profile."

He said the idea was raised during the senior officials meeting, and Thailand had intended to raise it at the ministerial meeting.

Commenting about SEA-10's status at the end of two days of meetings of the ASEAN Standing Committee yesterday. Minister Prasong said the SEA-10 initiative was outside the framework of ASEAN.

"It is an idea that developed outside the framework of ASEAN. It is not within ASEAN's framework," said Squadron leader Prasong.

He explained SEA-10 aimed to bring the 10 countries of Southeast Asia—six ASEAN members and Burma, Cambodia, Laos and Vietnam—together to meet and discuss development issues.

One of its purposes is that if one can enhance development and enhance cooperation in the issue of development it will help eliminate differences among the 10 countries, perhaps allowing them to achieve greater similarity," he said.

He also said the initiative allowed for informal discussion which would generate greater cooperation in economic, social and perhaps political issues.

"Let me stress again that the SEA-10 is not related to ASEAN, it is outside ASEAN's framework," he said.

"However, cooperation is possible within the framework of SEA-10: if it brings about greater parity or decreases disparities among the 10 countries, it will help prepare the remaining four countries for future membership of ASEAN," he said.

ROK on Asia-Pacific Human Rights Mechanism

SK1807024094 Seoul YONHAP in English 0117 GMT 18 Jul 94

[Text] Seoul, July 18 (YONHAP)—South Korea officially proposed the establishment of a human rights mechanism for the Asia-Pacific Monday and was fully backed by the United Nations.

"As we are well aware, Asia and the Pacific is the only region which lacks a regional human rights body... I believe that it is high time to discuss this subject in more detail," Foreign Minister Han Sung-chu said in his opening address to the third U.N. workshop for the Asia-Pacific Region on human rights issues that began a three-day run here.

The idea was formally embraced by Jose Ayala Lasso, U.N. high commissioner for human rights.

"I... Express the sincere hope that the present workshop will succeed in further defining the form and contents of a possible regional human rights arrangement for Asia and the Pacific," Ayala Lasso said in his opening address. "I therefore welcome the proposal of Foreign Minister Han that Asia-Pacific workshops of this kind be organized on an annual basis."

Although advocate nations have tossed the idea around before, this is the first time that the mechanism has been officially proposed.

Over 120 delegates, including government representatives, leaders of international organizations and human rights experts, gathered here for the workshop that covers the 31 nations of the Asia-Pacific.

North Korea is not attending.

The Seoul conference follows up the first session in Manila in 1990 and the second in Jakarta in 1993.

The participants came to Seoul with a prior agreement that the human rights conditions of individual countries would not be discussed during the workshop.

Officials here said that while the United Nations had greatly supported the Seoul session with the aim of creating a new human rights mechanism in this region, such influential countries as India, China and Japan are "extremely cautious" about the idea.

Ham Myong-chol, director-general for U.N. systems at the Foreign Ministry, said he does not expect a final agreement on the mechanism at this session.

"We have just carefully floated the idea," he said. "But the important thing is to set the direction that way," he said.

"...i would like to propose that a human rights forum for the Asia-Pacific Region such as this one be convened on a regular basis," said Foreign Minister Han.

Ayala Lasso urged the participants to follow up the proposal with action, saying that "for the proposal to be meaningful, I would like to underline that the results of this workshop need to be a further step forward and would have to provide a concrete and solid basis for a future workshop."

The conference begins its formal phase from Monday afternoon with sessions on regional arrangements, national institutions and a follow-up to the world conference on human rights last year.

Japan

Government To Keep Security Treaty With U.S.

OW2107105394 Tokyo KYODO in English 1022 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Stepping further aside from his pacifist party's platform, Prime Minister Tomiichi Murayama pledged Thursday [21 Jul] that his government will maintain the Japan-U.S. Security Treaty as a "matter of course."

As the Cold War has collapsed, maintaining the treaty is "a matter of course for a government which professes to succeed the diplomatic policies of previous governments," Murayama told a session of the House of Representatives.

The premier said, "it is necessary to smoothly and effectively manage the facilities and sites (of U.S. bases)."

For Japan to have U.S. military bases according to the security treaty is "no humiliation," he said, so long as the safety of neighboring residents and the environment is sufficiently taken into account.

Murayama's Social Democratic Party [of Japan] (SDP) [SDPJ] once called for the abolition of the treaty, saying it violated the constitution which renounces both war and armed forces, as the treaty is based on cooperation between Japanese and U.S. military forces.

On the fourth day of the five-day extraordinary session, Murayama answered questions at the Diet related to a policy speech he made Monday.

During the same session, Murayama declined to state an opinion on the late North Korean President Kim Il-song, saying, "his historical evaluation should be left to the judgment of the people of the Korean peninsula."

On his planned visit to Seoul this weekend, he said, "I will visit South Korea keeping in mind the sentiments of the South Koreans," referring to the South Korean Government's refusal to express condolences on Kim's death.

Earlier in the day, Murayama told a session of the House of Councillors that his party's long-advocated basic tenet of "unarmed neutrality" as a policy for Japan is now outdated.

He said the SDPJ's idealistically pacifist security policy has exhausted its role.

The policy line was "the SDPJ's formula of a pacifist constitution and played a great role in establishing the principle of civil control (of defense forces) in the Cold War era," he said.

"Now that the Cold War has collapsed, its policy role has come to an end," the prime minister said.

In a major policy shift for the SDPJ, Murayama, who is chairman of the party, proclaimed Wednesday that he no longer views the Self- Defense Forces (SDF) as unconstitutional.

Murayama, responding to questions about his policy speech delivered at the outset of the Diet session Monday, said he expects the SDPJ to shortly begin discussing a sweeping revision of its policy platform.

The premier said he placed deep trust in the SDF personnel, lauding their efforts in working without complaint for the important task of maintaining national defense.

Meanwhile, the SDPJ formally decided Thursday to commence redrafting its basic policies following Murayama's remarks on security and nuclear energy issues.

At a policy-making board meeting, the SDPJ decided to draw up the revisions before a party convention Sept. 3.

The list of issues subject to a major review includes the SDF, Japan-U.S. relations, the party's stance toward the United Nations, farm policy, energy problems, and the nation's flag and national anthem.

Murayama Says SDPJ Policy on SDF 'Outdated'

OW2107054094 Tokyo KYODO in English 0531 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Prime Minister Tomiichi Murayama said Thursday the "unarmed neutrality" policy for Japan that his Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] has long advocated as its basic tenet is now outdated.

Murayama told a plenary session of the House of Councillors that the SDP's idealistically pacifist security policy has played out its role. The policy line was "the SDP's formula of the pacifist constitution, and played a great role in establishing the principle of civil control (on defense forces) in the Cold War era," he said. "Now that the Cold War has collapsed, its policy role has come to an end."

In a major policy shift for the SDP, Murayama, chairman of the party, proclaimed Wednesday that he no longer views the Self-Defense Forces (SDF) as unconstitutional. He reiterated the position Thursday, the fourth day of a five-day extraordinary Diet session.

Murayama, responding to questions about his policy speech delivered at the outset of the Diet session Monday, said he expects the SDP to start shortly discussing a sweeping revision of its policy platform.

The premier lauded the SDF personnel, saying he trusts them "from the heart." They are working without voicing any complaints for the important task of national defense, he said.

Meanwhile, the SDP formally decided Thursday to embark on redrafting its basic policy lines in the wake of Murayama's remarks on the security and nuclear energy issues.

At a policy-making board meeting, the SDP decided to fashion the revisions before a party convention slated for Sept. 3.

On the list of issues subject to a major review are the SDF, Japan-U.S. relations, stance toward the United Nations, farm policy, energy problems, and the national flag and anthem.

Murayama also said Wednesday he will respect obligations under the U.S.-Japan Security Treaty—the SDP once called for its abolition—and suggested he may approve the construction of new nuclear power plants, also an about-face for the SDP policy.

Tokyo, Washington To Hold Talks in Hong Kong

OW2107123994 Tokyo KYODO in English 1217 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Japan and the United States will hold vice-ministerial talks on government procurement issues in Hong Kong on Saturday [23 Jul], a Japanese Government official said Thursday.

The meeting was scheduled ahead of a July 31 deadline set by Washington for possible trade sanctions against Japan over U.S. access to Japanese procurement of medical and telecommunications equipment.

The official said the talks will be attended by Sadayuki Hayashi, Japan's deputy foreign minister for economic affairs, and deputy U.S. Trade Representative Charlene Barshevsky, who will make a stopover in Hong Kong en route to Jakarta from Beijing.

The U.S. could launch a 60-day review on possible sanctions against Japan over government procurement if the July 31 deadline is not met.

Tokyo and Washington have been at odds over "objective criteria" sought by the U.S. to measure progress in widening U.S. access to government procurement of medical and telecommunications equipment.

The U.S. has been looking for a substantial increase in the foreign share of government purchases of such equipment, but Tokyo has rejected the demand as leading to managed trade.

Government procurement is one of the three areas discussed under the so-called framework talks aimed at rectifying the chronic bilateral trade imbalance.

In a related development, Prime Minister Tomiichi Murayama called in Foreign Minister Yohei Kono and two other ministers to his official residence to instruct them to work toward an early resolution of the government procurement issue.

The two other ministers were International Trade and Industry Minister Ryutaro Hashimoto and Finance Minister Masayoshi Takemura.

Murayama told reporters after meeting the three ministers that the issue of government procurement must be wrapped up "by any means" since the deadline is drawing near.

BOJ: U.S. Economy Continues Steady Growth

OW2107112994 Tokyo KYODO in English 1016 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—The U.S. economy is continuing to expand steadily with a high operation rate in the manufacturing sector and European economies as a whole seem to be entering a recovery phase, the Bank of Japan [BOJ] said Thursday [21 Jul] in a monthly report on overseas economies.

In the United States, production and employment remain on an upward trend despite some weak statistics for domestic demand, a central bank official said, voicing doubt about the desirability of an economic slowdown the U.S. Government is seeking.

In Europe, Germany's exports are notably recovering and its industrial production increased from a year earlier for the fourth straight month on the back of robust demand from the U.S. and east Asian nations, the central bank said.

With high unemployment rates, however, the pace of European economies' recovery is rather slow, it said.

In Asia, China's production continued sharply growing and its prices remain on an upward trend, while its total demand growth decelerated due to the government control of investment since early this year, it said.

UN Commissioner Hopes Rangoon To Free Suu Kyi

OW2107111194 Tokyo KYODO in English 0956 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—United Nations High Commissioner for Human Rights Jose Ayala Lasso said Thursday [21 Jul] he hopes UN action will bring about the release of Nobel peace prize winner Aung San Suu Kyi, who has been under house arrest for five years in Myanmar [Burma].

"I hope the initiatives I have taken since three months ago will be fruitful," he said at the Japan National Press Club in Tokyo.

"I am ready to go to Myanmar if that is necessary to request government cooperation to give Aung San Suu Kyi her liberty," he told reporters.

Ayala Lasso, who assumed the UN post in February, is visiting Japan from Wednesday to Saturday to hold talks with Prime Minister Tomiichi Murayama and other government leaders on human rights issues.

Noting that Wednesday was the fifth anniversary of her house arrest, he criticized the ruling Myanmar military junta for doing nothing to change Suu Kyi's situation.

"For nearly five years, the international community has been reacting to the case of Mrs. Aung San Suu Kyi without any sensible results," Ayala Lasso said.

Four days ago in New York, he said he received from the Nobel Peace Prize Committee a manifesto signed by many parliamentarians worldwide seeking action in the case of Suu Kyi.

He said he had already written to the Myanmar junta asking it to "put an end to the limitation of freedom" of Suu Kyi, but had received no reply so far.

A founder of the National League for Democracy (NLD) which won the 1990 election by a landslide, Suu Kyi has been under house arrest since July 20, 1989.

Tokyo Urged To Join Mideast Peacekeeping Effort

OW2107080494 Tokyo KYODO in English 0713 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Canada is ready to commit new peacekeepers to the Middle East if peace talks there are successful and expects Japan to do the same, Foreign Minister Andre Ouellet indicated Thursday [21 Jul] in Tokyo.

Ouellet, wrapping up a four-day trip to Japan, said he discussed international peacekeeping earlier in the day with Tokuichiro Tamazawa, chief of Japan's Defense Agency, and suggested Japan should be prepared to join Canada and other countries if the United Nations calls upon them.

"The world has to prepare for events unfolding in the Middle East. We are very pleased by the developments taking place and possibly the United Nations will be asked to serve in some capacity to create a buffer zone between countries that used to be enemies and now have decided to make peace."

"Canada has played in the past a role there, and if we are asked, we are ready to play a role in future," Ouellet said.

"I met with the defense minister this morning and said that if Japan decides, we would welcome them to serve with us in the Middle East."

Japan has sent ground troops abroad only twice after World War II, once to the UN peace mission in Cambodia and later to join UN peacekeeping forces in Mozambique.

The Social Democratic Party [of Japan] of Prime Minister Tomiichi Murayama has long regarded the Japanese Self-Defense Forces (SDF) as unconstitutional, but Murayama told the Diet on Wednesday that he regards the SDF as within the bounds of Japan's war-renouncing constitution.

Ouellet said he made clear to both Tamazawa and Foreign Minister Yohei Kono that Canada expects Japan to take a greater role in UN peacekeeping affairs.

Asked if Canada could support Japan as a full member of the UN Security Council, Ouellet said Canada would support a bid for a council seat, but also intimated that Japan "must live up to its role in the world" to receive that support.

Mongolia: Tokyo's Help for Legal Reforms Sought

OW2107123494 Tokyo KYODO in English 1206 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Mongolian Law Minister Namsrayjabyn Lubsanjab urged Japan on Thursday [21 Jul] to send legal experts to help reform Mongolia's judicial system in line with a transition to a market economy and western-style democracy, Justice Ministry officials said.

Mongolia would also like administrative staff to undergo training at Japanese Government institutions, he said. "We hope to intensify bilateral exchange," Lubsanjab said.

He made the requests in a 30-minute meeting with Justice Minister Isao Maeda to brief him on Mongolia's new constitution and legal reforms.

In response, Maeda pledged Japan's "active support."

Lubsanjab arrived in Tokyo earlier Thursday for a two-day stay to study Japan's civil and criminal law as well as immigration issues.

Kono, Panamanian Counterpart Discuss Relations

OW2107033994 Tokyo KYODO in English 0258 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Panamanian Foreign Minister Jose Raul Mulino and his japanese counterpart Yohei Kono on Thursday [21 July] agreed on the need to promote exchanges of people between the two nations to deepen mutual understanding, Foreign Ministry officials said.

Mulino and Kono also agreed in a 15-minute meeting Japan and Panama can continue to strengthen bilateral ties even after a new government comes to power in Panama on Sept. 1, the officials said.

Kono told Mulino that Panama's political, economical and social stability is important for the stability of world order because Panama possesses the Panama Canal, they said.

He gave Panama high marks for the successful implementation of a presidential election and a general election in May, saying the high turnout of 74 percent at the elections shows that democracy is taking root in Panama.

Mulino, who is on an unofficial trip to Japan after visiting Taiwan, told Kono that Panama wants to develop its democratic system and domestic politics and stabilize its economy so it can contribute to the world, they said. Mulino was quoted as saying Panama faces an important time because the management of the panama canal will be handed over from the United States to Panama in the next five years.

Ernesto Perez Balladares, a millionaire businessman with ties to Gen. Manuel Noriega, won the presidential election on May 8. The election was the first in Panama since the 1989 U.S. invasion.

Murayama To Tackle Seoul on Fishing Violations

OW2107063794 Tokyo KYODO in English 0617 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Three officials of the ruling parties urged Prime Minister Tomiichi Murayama on Thursday [21 July] to ask South Korea during his trip to Seoul this weekend to take preventive measures against illegal fishing in Japanese waters.

The officials in charge of fishery affairs, including Genjiro Kaneko of the Liberal Democratic Party and Maki Murasawa of the Social Democratic Party [Social Democratic Party of Japan SDPJ], made the request in a meeting with the premier at the Diet building.

They asked Murayama to convey to Seoul their request that the South Korean Government consult with Japan on the issue and reinforce regulations against fishing boats which repeatedly fish illegally in Japanese waters. Murayama told them he will discuss the matter with South Korean government officials, saying he is "well aware of the problem." Murayama will visit Seoul on Saturday and Sunday for talks with President Kim Yong-sam and other key government officials.

Tokyo To Explain Nonnuclear Issue at ASEAN Forum

OW1907134094 Tokyo KYODO in English 1318 GMT 19 Jul 94

[Text] Tokyo, July 19 KYODO—In a bid to dispel concern that Japan may develop nuclear weapons, Foreign Minister Yohei Kono will explain Japan's nonnuclear policy at the first meeting of a regional forum hosted the Association of Southeast Asian Nations (ASEAN) next Monday in Bangkok, government sources said Tuesday [19 July].

Japan will explain its three-point nonnuclear principle because concerns were voiced in the United States and some Asian countries when the North Korean nuclear dispute intensified that Japan may go nuclear, the sources said.

"Anxiety that Japan might become militarized, or become armed with nuclear weapons, is also strong in Asian nations," said a Foreign Ministry official.

Kono will describe the nonnuclear principle of not producing, possessing or bringing nuclear weapons into Japan, at the ASEAN Regional Forum (ARF) which aims to discuss security and political cooperation in the Asia-Pacific region, they said.

A total of 18 countries and organizations, including Japan, the U.S., Russia, China and South Korea, will attend the first ministerial meeting of the ASEAN regional forum.

ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Compressor at Uranium Enrichment Plant Breaks

OW2107104694 Tokyo KYODO in English 1014 GMT 21 Jul 94

[Text] Aomori, Japan, July 21 KYODO—A compressor at a uranium enrichment plant in northern Japan broke down Wednesday [20 Jul], but there was no leakage of radiation, a plant operator said Thursday.

The technical trouble occurred only a day after the plant in the village of Rokkasho, Aomori Prefecture, resumed operations following an accident in February.

An alarm lamp started blinking around 6:30 P.M. presumably because a cable soldered to the compressor had come off during operation, the Japan Nuclear Fuel Service Company said.

The compressor will be restarted after repair work is done.

A company spokesman said the compressor defect does not affect the regular operations of the plant.

The plant, which produces fuel for nuclear power plants, has reported technical problems five times in the past.

Igarashi Seeks Lower Growth in Defense Spending

OW2107124894 Tokyo KYODO in English 1228 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Chief Cabinet Secretary Kozo Igarashi Thursday [21 Jul] expressed the government's intention to curb growth in the defense budget for fiscal 1995, which starts next April.

Prime Minister Tomiichi Murayama apparently hopes to restrain growth in defense outlays "as much as possible," Igarashi told reporters.

In reply to questions in the Diet on his general policy speech made Monday, the socialist prime minister said Japan's Self-Defense Forces are constitutional, in a major reversal of his party's stance on defense policy.

Murayama added, however, that Japan should do whatever it can to promote disarmament in the spirit of the peace-oriented constitution.

On the limitation of defense outlays, Igarashi said he will not necessarily maintain that growth in defense spending should be substantially curbed when the Ministry of Finance announces its ceiling on a budget request from the Defense Agency at the end of this month.

He indicated the budget restraint should be determined by the time the fiscal 1995 budget is formally adopted by the government by the end of the year.

Meanwhile, the three ruling coalition parties—the Liberal Democratic Party, the Social Democratic Party [of Japan] and New Party Sakigake [Harbinger]—agreed to formulate a basic policy on the national budget by the middle of next week so that the policy can be formally adopted by the government at a cabinet meeting July 29.

The accord came when policymakers of the three parties discussed how to handle the ceiling on budget requests for fiscal 1995, participants said.

Consensus is being formed among the coalition parties that the government should not permit greater special allocations, notably for steps to help rice growers after Japan agreed to open its market under the Uruguay Round agreement of multilateral trade negotiations.

Export Curb Proposed To Halt Yen's Surge

OW2107130794 Tokyo KYODO in English 1142 GMT 21 Jul 94

[Text] Oyama, Japan, July 21 KYODO—Some top businessmen proposed Thursday [21 Jul] a restraint on exports to halt the yen's surge against the dollar, which has dealt a severe blow to many export-oriented industries.

The appeal was made on the opening day of a three-day business forum organized by the Federation of Economic Organizations (Keidanren) in this summer resort in Shizuoka Prefecture.

Hiroshi Saito, chairman of Nippon Steel Corp., said the yen's advance would not stop unless exports are regulated.

"I dislike regulating exports, but the problem will not be resolved without thinking of it," Saito said in his capacity as a top Keidanren member.

Josei Itoh, president of Nippon Life Insurance Co., echoed Saito's idea as a step to trim Japan's massive trade surplus and thereby stop the yen's rise.

Meanwhile, Tadahiro Sekimoto, chairman of NEC Corp., proposed a target range of exchange rates to create rate stability.

Sekimoto also warned of the danger of Japan's decline in technology if the trend of young people to stay out of science and engineering studies is not stopped.

Participants shared the view that businesses have some responsibility in the trend if they do not offer good salaries to science and engineering graduates.

"Keidanren for its part should take some action," one participant said.

Keidanren Discusses Future Business Role

OW2107043994 Tokyo KYODO in English 0339 GMT 21 Jul 94

[Text] Oyama, Japan, July 21 KYODO—Top officials of Japan's most powerful business lobby Keidanren kicked off a three-day session in Oyama, Shizuoka Prefecture, on Thursday [21 July] to discuss the role of the business community in a new age.

Discussions among some 30 officials of the Federation of Economic Organizations (Keidanren) will focus on how the business world should behave in an age characterized by reforms and creation.

On the agenda is the business lobby's future political donations, its relationship with politicians and bureaucrats, and ways to diffuse trade frictions with the rest of the world.

Keidanren Chairman Shoichiro Toyoda said in an opening speech, "it is not enough for the business community to give itself up to dramatic changes that are under way in the world. We have to think and act ourselves."

Jean-Bernard Ouvrieu, French ambassador to Japan, gives a lecture for the forum.

Reports Related to Economic Recovery Continues

Mieno: 'Economy Recovering'

OW2107033894 Tokyo KYODO in English 0320 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Japan's economy is finally heading for recovery despite the disturbing factor of the yen's recent appreciation, Bank of Japan Governor Yasushi Mieno said Thursday [21 July].

Mieno said at an annual meeting of the Second Association of Regional Banks that on the back of slowly recovering private consumption, production and shipments are on an upward trend and stock adjustment has come near to the end, except in some material industries.

Mieno described recent foreign exchange rate movements as across- the-board falls in the dollar's value, rather than the yen's rises, due to speculative moves deviant from economic fundamentals. Mieno then pointed to the need for careful consideration in evaluating effects of a stronger yen as several changes have occurred in environments both at home and abroad in comparison with situations last year, when the yen's appreciation weighed heavily on the economy. The possibility that even with a weaker dollar the amount of exports from Japan may be less affected because of stronger overseas economies, mainly in the unites states and East Asian nations, than last year cannot be denied, he said.

Meanwhile, Finance Minister Masayoshi Takemura said, in a prepared speech read by the vice finance minister, the government will make efforts to realize tax reform, including continued tax cuts beyond fiscal 1995, within this year by proceeding with comprehensive discussions and seeking people's understanding, in parallel with administrative and fiscal reform and correction of unfair tax systems.

Takemura requested secondary regional banks for appropriate actions to depreciate bad assets, further restructuring and thorough rationalization of business in order to secure soundness of management. The finance minister also asked the bankers to further strengthen their financing capability to meet expected growing corporate demand for funds.

It is also necessary for the secondary regional banks to promote characteristic business operations by making good use of their original ideas to meet financial needs of local companies and people, Takemura said.

Takemura Agrees With Mieno

OW2107043794 Tokyo KYODO in English 0355 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—The central bank governor expressed much more optimistic views Thursday [21 July] on Japan's economic situation, with the finance minister and economic planning chief almost echoing his sentiments.

"Japan's economy is finally heading for recovery despite the disturbing factor of the yen's recent appreciation," Bank of Japan Governor Yasushi Mieno said in a speech for an annual meeting of the Second Association of Regional Banks. Mieno had previously said the possibility is high the economy took one step toward recovery.

Finance Minister Masayoshi Takemura said, in a prepared speech read by Vice Finance Minister Jiro Saito, "signs of economic recovery are gradually emerging," citing a recovery in private consumption and improving corporate confidence.

Economic Planning Agency (EPA) Director General Masahiko Komura said, in a separately prepared speech read by EPA Vice Minister Tsutomu Tanaka, there is a possibility of a leverage for economic recovery working with bright moves gradually spreading. Komura voiced concern, at the same time, over recent unstable movements in the currency market.

Mieno described recent foreign exchange rate movements as broad falls in the dollar's value, rather than the yen's rises, due to speculative moves deviant from economic fundamentals. Mieno then pointed to the need for careful consideration in evaluating effects of a stronger yen as several changes have occurred in environments both at home and abroad in comparison with situations last year, when the yen's appreciation heavily weighed on the economy.

The possibility cannot be denied that even with a weaker dollar, the amount of exports from Japan may be less affected because of stronger overseas economies than last year, mainly in the United States and East Asian nations, he said. Mieno said the central bank will take some more time to judge the impact of the yen's current appreciation on the economy.

Takemura reiterated consensus at the last group of seven summit that the recent exchange rate movements have not reflected each nation's economic fundamentals and the dollar's further fall is undesirable and unjustified. The government will continue efforts to stabilize exchange rates through close contact with the countries concerned, he said.

In order to bring the economy to full-scale recovery as soon as possible, the government will steadily and smoothly implement the latest economic stimulus package worth more than 15 trillion yen and the fiscal 1994 budget, Takemura and Komura said in separate speeches.

Komura also said the government will strongly promote domestic economic reforms such as deregulation, while keeping an eye on exchange rate developments through discussions among ministers concerned.

Excessive Optimism Discouraged

OW2107105994 Tokyo KYODO in English 1009 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Vice Finance Minister Jiro Saito on Thursday [21 Jul] expressed caution regarding an overly optimistic view of the economy, while brushing aside the notion of major differences in assessment between the government and the Bank of Japan (BOJ).

"We can't raise our hands and cheer," Saito told reporters, citing the yen's rise as the key factor in discouraging excessive optimism over the economy despite recent bright signs.

"Bright indicators have indeed emerged, but downward pressures from the yen's rise prevail," he said.

Concerning the slight gap in the latest economic assessment between the government and the central bank, Saito said, "there are some differences in nuance, but they are not very great."

Both the government and the BOJ painted a brighter picture of the economy in their latest reports, but the central bank was slightly more optimistic with less concern about the yen's rise.

The BOJ said in a quarterly report Wednesday the economy is "finally moving toward recovery," whereas the government said last week in a report for July that "bright spots are spreading" but cited risks from the yen's rise in refraining from pointing to a recovery.

BOJ Governor Yasushi Mieno, addressing an annual meeting Thursday of second-tier regional bankers, offered the same assessment as in his bank's report and said the yen's rise may not affect sharply increasing exports amid recovering overseas economies.

Turning to fiscal 1995 budget ceilings, Saito denied reports that the ruling coalition parties have decided to abandon their call for increasing special allocations, primarily for measures to help rice farmers, after Japan agreed to open its market under the Uruguay Round of multilateral trade talks.

The Finance Ministry is scheduled to announce by the end of the month its ceiling for budget requests by other ministries and agencies.

Household Spending Drops 1.7 Percent on Year

OW2107080394 Tokyo KYODO in English 0723 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—Household spending in May fell for the fourth month in a row, down an inflation-adjusted 1.7 percent year on year to 316,080 yen, the Management and Coordination Agency said Thursday [21 Jul].

Wage earners' households spent 2.1 percent less than the previous year, while non-wage families, which include those who run their own businesses, spent 1.3 percent less.

Household spending had risen for four months since last October but then followed a downtrend, falling 0.5 percent in February, 4.3 percent in March and 0.8 percent in April.

May's decline was largely due to smaller expenditures for rice, which led to a 4.7 percent spending decline in foodstuffs, said an official at the agency.

The average household bought 7.21 kilograms of rice in May, down 28.3 percent from a year earlier, after a rush to hoard rice amid its shortage in the preceding months.

Spending on household goods also dropped a notable 10.5 percent in May, with a 46.3 percent drop in spending on furniture and a 30.8 percent fall in bedding.

Bid Prices of First-Crop Rice Soar to Maximum

OW2107054394 Tokyo KYODO in English 0505 GMT 21 Jul 94

[Text] Osaka, July 21 KYODO—All three brands of early-harvested rice for the 1994 crop year were bid to the maximum allowable prices in a private auction Thursday [21 July] morning in Osaka, held for the first time since last September in the wake of bad crop last year.

Organizers of the auction said the three brands in a total amount of 5,800 tons, all produced in western Japan, were pegged to the maximum prices, 7 percent above the government-permitted standard.

They attributed the higher prices mainly to strong demand from wholesalers with continued low inventories of domestic rice, which is popular among Japanese. But they predicted the privately auctioned rice market will turn bearish with growing prospects of a better rice crop this year.

The "Natsuhikari" brand, made in Kochi Prefecture, fetched a price of 26,008 yen per 60 kilograms, "Koshihikari" from Miyazaki Prefecture, 30,189 yen, and "Koshihikari" from Kagoshima Prefecture, 29,633 yen, the organizers said.

Panel Proposes To Foster World-Class Research Base

OW2107083094 Tokyo KYODO in English 0806 GMT 21 Jul 94

[Text] Tokyo, July 21 KYODO—A blue-ribbon government panel Thursday [21 Jul] urged stronger support for up-and-coming research organizations to build up a research base as part of national efforts to enhance the country's scientific research.

The Science Council, which advises the education minister, said in a preliminary report that more financial and other assistance should be provided to research organizations which have outstanding leadership and show strong potential to become core institutes.

The council advised not only increased funding but open acceptance of top-notch foreign researchers and increased employment of younger researchers to raise the research standards of the more promising organizations.

The council also recommended expanding orientation to foreign researchers to ease their adjustment to living in Japan and strengthening exchanges with Asian countries.

In order to raise Japan's scientific research to the leading edge of global standards, fostering world-class research centers is vital, it said.

Water Shortage Affects Steel Production

OW1807050394 Tokyo KYODO in English 0435 GMT 18 Jul 94

[Text] Tokyo, July 18 KYODO—Tokyo Steel Mfg. Co. announced Monday [18 July] it has indefinitely shut down its mill in Takamatsu, Kagawa Prefecture, due to a serious water shortage in the region.

The major electric furnace steelmaker is the first Japanese steelmaker to shut down operations because of the recent water crisis.

The heat wave continues to roll over the nation with temperatures soaring to record highs close to 40 C [Celcius] over the weekend, leaving western and central Japan with water shortage.

Daio Paper Co.'s mill in Iyomishima, Ehime Prefecture is operating with 40 percent less water than normal.

Kagawa and Ehime Prefectures are located in Shikoku, an island in western Japan.

In central Japan, a water shortage has forced Nippon Steel Corp.'s plant in Nagoya to switch from continuous to intermittent operations.

In western Japan, Kawasaki Steel Corp.'s Mizushima plant in Kurashiki, Okayama Prefecture has had its water supply cut by 10 percent.

Ministry Urges More Foreign Staff on Japanese Ships

OW1907142994 Tokyo KYODO in English 0820 GMT 19 Jul 94

[Text] Tokyo, July 19 KYODO—Japan's shipping industry can reduce costs by employing fewer Japanese crew members and hiring more foreigners, the Transport Ministry said in a report released Tuesday [19 July].

In its annual report on shipping, the ministry said despite increased mechanization which has resulted in decreased staffing, the high yen is hurting Japan's shipping industry to remain competitive on the international market.

The country's five big shippers, which mostly do business in the dollar and other foreign currencies, stand to lose a total of 1.25 billion yen if the dollar drops by one yen against the yen, according to the report.

The ministry said companies could cut costs by hiring cheaper foreign labor.

As the ministry has instructed the shipping industry to increase foreign crew members, the average Japanese vessel has now nine Japanese and 14 foreign crew members.

The ministry said ships containing only foreign crew members are three times cheaper to run.

The ministry's report also suggested shipping companies do more business in dollars so the industry is less vulnerable to the wild fluctuations of the yen.

North Korea

Speeches From Kim Il-song's Memorial Service

'Labor Hero' Speaks at Service

SK2107023694 Pyongyang Korean Central Broadcasting Network in Korean 0139 GMT 20 Jul 94

["Speech" by Cho Yong-chi, labor hero and worker at Pyongyang thermal power plant, "on behalf of the working class" at the memorial service for Kim Il-song—live]

[Text] The greatest and most benevolent fatherly leader in this world: We, the working class, are now lamenting bitterly with deep frustration and deep sorrow, beating our breasts, because we failed to make the leader's heart beat again by offering our own hearts and consequently let the leader leave us. Just as the sun is in the sky and all of creation fills this world, our people's dignity and our working class' dignified living were possible because of the benevolent love and infinitely wide bosom of the great leader.

Indeed, no great leader in the world encouraged, treasured, and loved our working class as ours did. When he returned in triumph to the fatherland right after national liberation, the great leader visited the working class in Kangson first without stopping by his native home at Mangyongdae which he had missed for so long.

Even when the postwar rehabilitation construction was initiated, the great leader visited our working class' work sites first and encouraged us by saying that the working class should show the Korean example to the people of the world.

Even when the country had a difficult situation because of the manuevers by the enemies at home and abroad, he visited our working class and aroused the flames of the Chollima movement by saying that if there were an additional 10,000 tonnes of steel materials, the country's situation would become better.

The leader visited all sites where our working class worked, ranging from a forestry village in the northern district to a small local industrial plant in the West coast area, and gave precious teachings and benevolent love to our working class. We cannot recall all of his great footmark.

The leader said that upon waking up every morning he used to look at the chimney of the thermal power plant first and that when he returned from an on-the-spot guidance in provinces he would also look at the chimney of the plant. The fatherly leader visited Pyongyang thermal power plant six times.

Thanks to the benevolent guiding hand of the leader, our plant has been turned into a mighty electric power production base of the country, and I, who was the son of a poor worker, have become a labor hero and deputy to the Supreme People's Assembly.

The great leader identified our working class—who were oppressed and treated contemptuously in the past—as the masters of the country and as the leading class of the revolution and who led our working class to uphold our party at the front. These noble leadership achievement and great benevolence will shine forever and will be cherished in our hearts eternally.

Our working class feels remorseful at this sorrowful moment that we failed to carry out production and construction as intended by the fatherly leader, thus causing the leader much anxiety which prevented the leader from taking a rest even for a day.

Our working class will render all the loyalty and filial devotion not received by the great leader to the dear comrade leader.

The great leader Comrade Kim Il-song taught: All party members and working people, firmly armed with our party's revolutionary ideas, should resolutely struggle to realize the chuche revolutionary cause under the banner of the party.

In hearty response to the respected and beloved leader's teaching, we will single-heartedly rally around the dear leader Comrade Kim Chong-il and hold in high esteem his leadership.

Today, for our people, the fatherly leader [oboi suryongnim] is the dear comrade leader, and the comrade leader [chidoja] is the leader [suryongnim].

Absolutely worshipping the dear leader Comrade Kim Chong-il, we will determinedly defend and safeguard the respected and beloved comrade supreme commander politically and ideologically, at the risk of our lives and no matter whatever stern trials befall us, with the firm belief of not knowing anyone except the comrade leader.

Cherishing deep in our hearts that the destiny of our revolution and the future of our people depend on securing the dear comrade leader's well-being and longevity, we should carry out all tasks entrusted to us, well. In doing so, we will give nothing but joy to the dear comrade leader.

Our working class will overcome today's great misfortunes and change sorrow into strength and courage. Thus we will effect a new great upswing in all domains of socialist construction and thoroughly carry through the teachings given by the great leader in his lifetime and the revolutionary economic strategy of our party.

The supreme task laid down by the respected and beloved leader, the reunification of the fatherland was his greatest aspiration. Our working class will hold in high esteem the three principles of independence, peaceful reunification, and great national unity, and the 10-point program of the great unity of the whole nation for the reunification of the country set forth by the great leader, and will lead the struggle to realize them. By doing so, we will unfailingly glorify the historic cause of national reunification, which the leader so greatly aspired.

Even though the great leader Comrade Kim Il-song's heart stopped beating, the revolutionary ideas of the respected and beloved leader, the sun of chuche, are still warmly beating in our hearts and the respected and beloved leader Comrade Kim Il-song will always be with our working class and people.

At this place of bitterness where we have gathered to eulogize the fatherly leader, I enclose our working people's unanimous faith to solemnly pledge to bear in mind the fatherly leader's lifetime intentions and teachings, and to fight devoting all for the struggle to consummate the chuche revolutionary cause and the socialist cause, and to realize national reunification under the dear comrade leader's leadership by holding him in high esteem as the leader [suryong] of our party and revolution.

Cooperative Farmer Makes Speech

SK2107064194 Pyongyang Korean Central Broadcasting Network in Korean 0146 GMT 20 Jul 94

["Speech" by Kim Myong-yon, labor hero and chairman of the Management Committee of Changchon cooperative farm in Pyongyang, "on behalf of agricultural workers" at the memorial service for Kim Il-song—live]

[Text] Our people and the progressive mankind of the world trusted and followed as heaven the respected and beloved fatherly leader. Our agricultural workers—who would wait for him for so long if he would come today or if he would come tomorrow, while looking forward to the happy moment of seeing him, after achieving good bumper crops on cooperative farm fields throughout the country—are so sorrowful about the loss of their fatherly leader, who they were anxious to see so ardently and who they were anxious to be embraced by so ardently, that they are writhing, hitting breasts, and the ground.

The fatherly leader posed for a picture with us at the agricultural meeting held to achieve a bumper crop in early spring this year and taught us a new irrigation method on the farm field in June of this year, the month of a spell of dry weather, while promising that he would come again in the coming fall. However, the fatherly leader has suddenly left us, and how sorrowful this is.

During the days of the anti-Japanese revolution he awakened farmers on the corner of a field in Ogaja and joined them in the revolutionary ranks. After national liberation he joined farmers in transplanting rice paddies in the Milim plain and put up a nameplate personally written by himself at the gate of a poor farmer's house, saying that our farmers have become the masters of farm land and the masters of the country.

During the days of cooperativization he put his name on the list of [words indistinct] and associated with farmers. After cooperativization, he published the great rural theses, which is unprecedented in this world, and carried out on-the-spot guidance throughout the country. Thus, he bestowed a new history of miracle upon our farmers.

There are numerous accounts of the achievements of distinguished leaders in this world. There has been no prominent and intimate leader in this world like our leader, who spent his whole life with ordinary people and innocent farmers and who built affluent and civilized socialist rural areas on this land.

Even at this moment of mourning, the appearance of the benevolent fatherly leader who visited the field of our cooperative farm on the festive day of April marking his 70th birthday, comes into our mind as if it were yesterday.

When we told the fatherly leader: You are old and please do not walk on rural roads any more and the people across the country only wish the leader's longevity, the fatherly leader said: Thank you and being with farmers like this constitutes a joyful festive day and a rest for me.

These remarks are still vivid in our memory. However, the leader has left us, and this is painful and sorrowful.

Indeed, our leader was the heaven-sent matchless great man. Today when we have lost the leader we more vividly feel what a prominent man he was and how happy it was to uphold him.

The loss of the fatherly leader is a painful hurt that cannot be healed. It is also the greatest loss of the nation.

The fatherly leader who dearly loved us in his lifetime, please do trust us! Because we are the leader's [suryong] revolutionary fighters and the leader's [suryong] daughters and sons who cannot live apart from the fatherly leader, we will convert today's sorrows into strength and courage million times over.

Our tears are not tears of disappointment, but that of a warm oath made before the leader. What fills our hearts at this moment of bitter grief when the fatherly leader departs from us, are the steadfast faith and will to consummate to the end the revolutionary cause started by the leader [suryong], holding in high esteem the dear leader General Kim Chong-il, the great successor to the chuche revolutionary cause.

The dear Comrade Kim Chong-il is the destiny and future of our revolution, and the eternal symbol of victory. As we have General Kim Chong-il at the helm of the party, the state, and the revolutionary Armed Forces, we are not afraid of a ten-million force and can easily accomplish the national reunification, and our socialism is invincible.

Bearing in our minds the fatherly leader's remark that we have to hold in high esteem Comrade Kim Chong-il in order to consummate the chuche revolutionary cause, we will uphold the dear comrade leader all the more in a single heart and will vigorously accelerate the revolution and construction in single-hearted unity around him whatever stern trials come before us in the future.

We will do our best for the dear comrade leader's well-being and longevity, and responsibly carry out the tasks entrusted to us to give joy to him.

The great leader Comrade Kim Il-song taught: The highly important task arising before our party and people in the tasks of imbuing the entire society with the chuche idea is realizing the complete victory of socialism. We, under the dear comrade leader's leadership, will successfully fulfill the highly important tasks set forth in the rural theses and accelerate the complete victory of socialism indicated by the great leader by vigorously pushing ahead with the three revolutions—ideological, technical, and cultural—in the rural communities.

I, who grew up to be a chairman of the management board and labor hero from a 17-year old girl under his deep love, will thoroughly implement the leader's on-the-spot guidance given to our farm. Thus, I will firmly defend my socialist fatherland with rice and will glorify the leader's lofty leadership achievements for millions of years.

The fatherly leader mistily looms in my heart whenever I close my eyes and walk down the street. The leader can never be parted from us. The respected and beloved leader will always be with us.

I solemnly make an oath before the leader's bier that I, with the agricultural workers across the country, will vigorously fight for the national reunification and the ultimate victory of the chuche revolutionary cause under the leadership of the supreme commander Comrade Kim Chong-il, highly holding the banner of the great leader's revolutionary idea, the chuche idea.

Reports on People Mourning for Kim Il-song

KPA, KPSF Personnel Hold Service

SK2007105394 Pyongyang KCNA in English 1045 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—Memorial services for the great leader President Kim Il-song were solemnly held at units of the Korean People's Army (KPA) and People's Security Forces (KPSF) on July 19.

All posts throughout the country to mourn the death of President Kim Il-song, ever-victorious, iron-willed brilliant commander and outstanding military strategist, were overcome with bitter grief and sorrow.

Set up at the places of the memorial services were portraits of President Kim Il-song.

The participants observed a moment's silence in memory of President Kim Il-song who founded the chuche-based revolutionary Armed Forces and had led our People's Army along the road of victory and glory.

KPA and KPSF officers and men burst forth wails in tears with grief at the loss of the great iron-willed brilliant commander.

Immortal revolutionary Song of praise "Song of General Kim Il- song" was played at the memorial services.

Memorial addresses and speeches were made.

The speakers pointed to the great life and undying exploits of President Kim Il-song who founded our glorious revolutionary armed forces in the flames of the anti-Japanese revolutionary struggle and led the two revolutionary wars to the shining victory and thus liberated the country and creditably safeguarded the dignity of the country and the honour of the nation.

They said that President Kim Il-song energetically led our army, which inherited the traditions of the Korean People's Revolutionary Army, so as to grow up to be militant revolutionary armed forces, a modernized cadre army and that under his fatherly love, sons and daughters of workers and farmers have grown up as the backbone of the revolutionary armed forces and dignified revolutionary soldiers.

All the KPA and KPSF officers and men participating in the memorial services hardened their determination to take fast hold of the revolutionary weapons and fight to the end through generations for the reunification of the country and the accomplishment of the revolutionary cause of chuche under the guidance of the respected supreme commander Comrade Kim Chong-il, following the behests of President Kim Il-song.

People's Reverence 'Ever Growing'

SK2107153094 Pyongyang KCNA in English 1505 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Two days have passed since the Korean people bid their last farewell to the great leader President Kim Il-song in deep grief and tears.

But their reverence for him is ever growing.

More than 170,000 people of the city visited the statue of President Kim Il-song standing on Mansu Hill from the afternoon of July 20 after the national memorial service to 4 at dawn next day.

They sat long on their knees before the statue.

Kim Chol-ho, a worker of the Pyongyang Thermal Power Complex, who stayed up all night before the statue, said, wiping away big tears:

"Our leader is not gone. I cannot leave here, fancying as if the president would step down from the stand, saying 'you have come, Chol-ho' as he said when he met me during his on-the-spot guidance."

Kim Un-ha, a little girl who danced and sang before President Kim Il-song several times on the eve of the New Year, said:

"Generalissimo Kim Il-song promised us to come to us in the next New Year celebration performance. We have come here to see him, who always kept his promises."

A farmer of the Taesong District Cooperative Farm, to which President Kim Il-song recently gave on-the-spot guidance, hoped against hope that he would come back to life, saying: "We cultivated promising crops, looking forward to the day of seeing you again on our farm. But you have departed from us, leader."

An educationist, Kim Yon-ok, said, sobbing:

"It is really regrettable. We are now in deep grief at the death of the tender-hearted fatherly leader. What we have to do now is to uphold his behests with our lives.

His teachings that we should accomplish the revolutionary cause of chuche, holding dear Comrade Kim Chong-il in high esteem are the lifelong motto for all of us."

Endless streams of people, deeply cherishing the memory of President Kim Il-song, are still flowing to his statues erected in different parts of the country.

Many of them sit up all night before the statues, mourning his death.

Some people are shedding tears on cooperative fields and compounds of factories visited by him and machines seen by him.

Flowers which had come into full bloom in all parts of the country are now put before his statues in the form of bouquets of flowers and wreaths.

The people are now eagerly yearning for President Kim Il-song, who found himself always among the people. Such feelings of theirs will never vanish.

'Rare Phenomena' Reported

SK2107114294 Pyongyang KCNA in English 1033 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Rare phenomena have been reported from different parts of Korea at a time when the whole country was overcome by deep grief at the death of the great leader President Kim Il-song.

News of these strange phenomena is swirling through the air like wonders of nature grieving at the death of the sun of the nation, a legendary hero.

Four white herons were seen over the statue of President Kim Il-song standing on Mansu Hill in Pyongyang from 2 to 3 at dawn July 18. They flew about the statue again and again, as if they were trained to see the grief-stricken people of the city coming to the statue with deep reverence for the fatherly leader President Kim Il- song.

More than 50 white herons flew over his statue in Nampo. They flew about the statue in regular order more than ten times in flocks for eight hours from 18:00 on July 16 to 02:00 next day.

Such scene was seen also in Wonsan, Kaesong and Sariwon.

Watching those white herons, which have been considered from the ancient times to be the most clean, clever-headed and beautiful birds and a symbol of longevity, flying over statues of the fatherly leader in the central parts of the cities, departing from their mode of existence, the people said the birds shared the grief of whole mankind and the globe at the death of the legendary hero who should have lived many thousand years.

At around 10:20 on July 13, a swallow flew into a classroom of the Chinji Senior Middle School, Yonggang County, Nampo Municipality. It perched on the picture hanger on the wall where the portrait of President Kim Il-song was hung, chirped for ten minutes, then remained silent for five minutes with its head bent and again chirped for ten minutes and flew round the classroom before leaving it.

From around 12:30 on July 17, swallows flew over Mansu Hill in flocks. They flew about the statue until dark, chirping.

Three wild geese appeared over the Kunja revolutionary site, Songchon County, South Pyongan Province, and a cloud of butterflies 1.5 metres thick and 50 metres wide over the statue of the fatherly leader in the central part of Hamhung.

The witnesses felt more sad to see them flying as if they were sharing the sorrow of the people.

The death of the legendary hero has produced many legends in this country.

Kim Chong-il 'Guiding Star' of Reunification

SK2107135994

[Editorial Report] Pyongyang Radio Pyongyang in Korean to South Korea at 0900 GMT on 20 July carries a 12-minute essay [supil] entitled "The Day Will Come." The program begins with the announcer's mourning over Kim Il-song's death, then recollecting his proposals for the fatherland's reunification such as the 10-point program for grand unity of the whole nation. The announcer continues to eulogize Kim Il-song's life as "the life of the great leader [yongdoja] and the great father of the nation who had devoted what he could do and what he could devote to the fatherland's independent and peaceful reunification." The announcer then turns to praise Kim Chong-il as the guiding star of the national reunification, pledging to "realize by all means [pandusi] the fatherly leader's ideas for the fatherland's reunification, upholding the dear comrade leader." The announcer concludes: "The day of the fatherland's reunification will surely [kioi] dawn, as long as there exist the wisest and most above- board principles for reunification elucidated by the great leader Comrade Kim Il-song; the wise leadership of the dear leader Comrade Kim Chong-il; and the inexhaustible might of our people who are singleheartedly around the party."

At 1241 GMT on 20 July, Pyongyang Korean Central Broadcasting Network in Korean carries a 15-minute radio essay [chongnon] entitled "People's Pledges Made Before the Bier of the Fatherly Leader." The announcer quotes, before beginning the program, Kim Chong-il's remarks stressing the need to "brilliantly accomplish the revolutionary cause of chuche, and the socialist and communist cause." The announcer mourns over Kim Il-song's death, then praising him with titles such as "the outstanding leader [suryong]."

The announcer continues to praise Kim Il-song's achievements "overflowing the sky and land in the paradise of the blessed people who hold in high esteem the respected and beloved supreme commander General Kim Chong-il at the top helm of the leadership [yongdoui suwi]." The announcer goes on to say: "The great chuche idea, which attaches importance to man, is brightly shining, like in broad daylight, the grand road of revolution with the glowing light. The ever-victorious, iron-willed Workers Party of Korea, which the great leader founded and brought up, is leading our people only along the single road to victory. The revolutionary armed forces, which are firmly safeguarding the revolution with the barrels of mighty guns, are defending the fatherland's outposts like ironclad bastions."

The announcer stresses that people "are upholding the leader [suryong] and the party in perfect harmony." The announcer then quotes people's pledge to "hold in high esteem the respected and beloved supreme commander General Kim Chong-il, the successor to the great chuche cause which illuminates the future of mankind, at the top helm of the revolution [hyongmyongui suwi], and to follow only his leadership until the end of the world, thereby accomplishing to the end the revolutionary cause pioneered by the great leader." The announcer continues to quote another pledge "to defend our socialist system with life, holding in high esteem only the respected and beloved supreme commander General Kim Chong-il [kyongaehanun kim chong-il changgunnimnanul] at the top helm of the leadership" under any circumstances.

'Warning' on Kim Yong-sam's Jeopardizing Talks

SK2107053194 Pyongyang KCNA in English 0501 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—The Central Committee of the South Korean National Democratic Front

(Hanminjon) issued a statement on July 19 warning that the Korean nation will not pardon the rash act of the Kim Yong-sam group leading the situation of the country back to an unpredictable phase of confrontation, the Seoul-based radio Voice of National Salvation reported.

The statement says:

The South Korean "prime minister", seriously distorting the past history, declared that it was "an official stand of the government". this was not a mere slander against the North but an official declaration of war announcing a new confrontational policy of "Chongwadae" [presidential offices].

When the fellow countrymen and the whole world were deeply mourning the death of President Kim Il-song with bowed heads, the Kim Yong-sam group of political charlatans dared to slander the North over the June 25 war started by the United States. This was a hysteric folly.

This was not a mere distortion of history but an unpardonable insult to and mockery at the fellow countrymen of the North and human conscience of the world expressing deep condolences in bitter grief.

And this was a frontal challenge to the public opinion at home and abroad hoping for a smooth solution to the issue of peace and reunification of Korea through North-South reconciliation and the improvement of the DPRK-U.S. relations.

At a time when the brothers in the North, overcome with sorrow, were keeping mum about the mean act of "Chongwadae", showing patience, the Kim Yong-sam group issued an "emergency alert order" and even barred the expression of condolences, getting on the nerve of the north. As if it were not enough, it went the length of provoking the North point-blank. This was a deliberate and premeditated provocation to turn the inter-Korean relations back to the original phase of confrontation and put a spoke in the wheel of the DPRK-U.S. talks.

It is none other than the Kim Yong-sam group of scoundrels of "Chongwadae" which, while desperately trying to isolate and stifle the fellow countrymen with the help of outside forces, is bringing the dark clouds of a nuclear war over the country, spoiling the atmosphere of dialogue created with much difficulty and driving the relations with the North to the worst phase.

For such a group to provoke the North, the bastion of independence and bulwark of reunification, is a foolish act of a puppy knowing no fear of a tiger and a pitiful wriggle to sidetrack the popular sentiments running towards the North.

The Kim Yong-sam group must not do acts which it would lament. it must not act rashly, pondering over what consequences will be entailed when the people, engulfed in grief, burst into rage.

Our people, together with the fellow countrymen in the North, will mercilessly punish those who distort history and insult the people and make them pay dearly for this.

Time will prove that this warning of our Hanminjon is not an empty statement.

Hanminjon Denounces 'Kim Yong-sam Group'

SK2107132294 Pyongyang KCNA in English 1102 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) published an open questionnaire on July 20 denouncing the inhuman, anti-national, anti-reunification acts of the Kim Yong-sam group in insulting national and patriotic sentiments of the people with regard to expression of condolences and suppressing them at the point of the bayonet, according to radio Voice of National Salvation from Seoul.

The death of respected President Kim Il-song, the father of the nation, overwhelms the fellow countrymen with deeper sorrow as days go by.

Recalling the fact that upon the death of respected President Kim Il-song, the world expressed condolences, disregarding social systems, the open questionnaire says only the Kim Yong-sam group committed such shameful act as firing at the house of mourning, issuing "an emergency alert order" with malice, contrary to the good manners and customs of our nation and the trend of the world. the questionnaire asks: Is there etiquette and morality in this query

It says:

The Kim Yong-sam group, without hesitation, threatened the people with the "National Security Law" [NSL], handcuffed students mourning the death of the father of the nation, blocked with the bayonet the northern trip of a mourning mission of the preparatory committee for the formation of the South side headquarters of the National Alliance for the Country's Reunification and took them behind the bars.

The Kim Yong-sam group is no more than a pack of brutes who do not have a drop of blood of the compatriots and has discarded the intrinsic attribute of man. What face do they have to live under the same sky with our fellow countrymen?

The Kim Yong-sam group said "It is desirable for the people to remain silent," arguing that their expression of condolences "does not conform to the people's emotion."

Is this shameless act of presenting their self-righteous thinking pattern as the sentiments of people not an act of mocking the people by those who do not know people and dig their own grave.

After the special radio report from the North, Kim Yong-sam reportedly expressed "regret" over the abortion of the expected North-South summit.

What face does he have to talk about dialogue with someone and utter the words of reunification, having not expressed condolences but inflicted most painful wounds upon the fellow countrymen?

The questionnaire continues:

If Kim Yong-sam had had the intention to achieve reconciliation and reunification through North-South dialogue, he should have shown at least the courtesy of expressing condolences over misfortunes to the dialogue partner. It is the common sense and morality. Doing so is a human nature with which nobody would take issue.

Kim Yong-sam, however, did not express such elementary courtesy.

Asking if the Kim Yong-sam group has the readiness to abolish "the National Security Law" which punishes even such moral expression of condolences, branding it as illegal, the questionnaire says:

The agreement of Kim Yong-sam to a summit with the North itself means that "the National Security Law" had already become a dead letter. But Kim Yong-sam himself picked up the "NSL" from the ditch and branded the people's expression of condolences as an illegality and punished it. Is there a more illegal and high-handed act than this?

If the "NSL" is to be applied, it must be applied against the rulers themselves, not against the innocent people.

ROK Authorities Raid, Search Pomminnyon Office

SK1807050694 Pyongyang KCNA in English 0441 GMT 18 Jul 94

[Text] Pyongyang, July 18 (KCNA)—The South Korean authorities are cracking down upon the preparatory committee for the formation of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon), which sent a mourning group to Panmunjom on the death of the great leader President Kim Il-song, according to a radio report from Seoul.

The Seoul metropolitan police raided and searched the office of the preparatory committee for the formation of the South side headquarters of Pomminnyon in Street No. 6, Chongno, Seoul and the houses of three leading members of the organization Saturday afternoon and early in the morning of Sunday.

In this course, the police whisked away five members of the committee including its vice-chairman Chon Chang-il and is questioning them.

ROK Religious Groups Convey Condolence Messages

SK2007051594 Pyongyang KCNA in English 0459 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—Messages of condolence came from South Korean people on the death of the great leader President Kim Il-song.

Messages came from Chairman Rev. O Chong-il, director Rev. Kim Tong-wan and acting chairman of the Reunification Committee Rev. Kang Sin-suk of the South Korean Council of Christian Churches; Chief Director Kang Mun-kyu and President Pak Sang-chung of the South Korean Institute of Christian Social Affairs; An Ho-sang, leader of Tangun Taejonggyo of South Korea; and Mindan-lining compatriots in Tokyo, Osaka, Kyoto, Hyogo, Miyazaki, Kobe, Nishitokyo and other areas of Japan and South Korean people staying in Japan.

The messages said the whole life of respected President Kim Il- song was that devoted entirely to the nation and reunification and to the cause of global independence and it was the life of the great man peerless in history who performed the most brilliant exploits ever in history of the Korean nation.

Noting that though the great President Kim Il-song passed away, there is the sagacious leader Mr. Kim Chong-il who has inherited the noble intention of the president, they expressed the firm determination to fight to the last for the independent and peaceful reunification of the country under his wise leadership.

In the meantime, Pak Kyong-so, chief for Asia of The World Council of Churches, called at the DPRK Mission in Geneva and expressed deep condolences on the death of President Kim Il-song.

Literature on Kim Il-song Distributed in South

SK2107053694 Pyongyang KCNA in English 0509 GMT 21 Jul 94

["Big-Letter Papers and Literature in South Korea"—KCNA headline]

[Text] Pyongyang, July 21 (KCNA)—Placards, big-letter papers and a wall newspaper appeared at universities of South Korea and many copies of a literature were distributed in Pusan area in the name of the Saeppyol society on the death of the great leader President Kim Il-song.

Sixteen placards, 9 big-letter papers and 1 wall newspaper mourning the death of President Kim Il-song were pasted up at Korea, Yonsei and Pusan Universities and the Seoul Municipal University and 15 other universities in South Korea.

The literature distributed by the Saeppyol society said that President Kim Il-song was the father who made tireless efforts to accomplish the sacred cause of the independent and peaceful reunification of the country, taking closer to heart than anyone else the sufferings of the fellow countrymen from the division of the nation, and did not forget the people of South Korea even a moment.

Carried on the reverse side of the literature was a warning to Kim Yong-sam who was putting down the will of the people to mourn President Kim Il-song at the point of the bayonet.

The South Korean authorities searched the office of the South Korean Federation of General Student Councils (Hanchongnyon) at the Hanyang University and confiscated more than 70 placards expressing deep condolences on the death of President Kim Il-song and arrested 39 students.

ROK People Expressing 'Deep Grief'

SK2107131194 Pyongyang KCNA in English 1042 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—South Korean people are expressing deep grief upon hearing the sad news that the great leader President Kim Il-song passed away, the Seoul-based radio Voice of National Salvation said.

A South Korean dissident Kim installed an incense burner at his house and prayed for the soul of the president.

He told his relatives and friends who called at his house and observed a moment's silent tribute:

"What a great man President Kim Il-song is? He is a great leader peerless in the history of the Tangun nation."

"There has been no such a great man as him who enjoyed absolute respect and praise from the world people in any age and any country.

"The loss of such an outstanding leader of the nation, a rare great man, is the bitterest grief and an irreparable loss for our nation and whole mankind.

"We must change this sorrow into strength and courage and accomplish without fail the historical cause of national reunification desired so earnestly by President Kim Il-song under whatever circumstances, thus realising his wish on this land.

Pak Chae-yong, a member of the "Paektu Society", held a mourning service with his family and decided to set the period up to the last parting with President Kim Il-song as the "mourning period of his family".

Choe Kyong-hun, a student of Seoul National University, who is affiliated with the South Korean Federation of General Student Councils (Hanchongnyon), said that the death of respected President Kim Il-song is the greatest loss and bitterest grief for the Korean nation and mankind, adding:

"I am vexed at the reality that I cannot present a flower to the bier of President Kim Il-song who devoted his all to the prosperity and the happiness of the nation and to the reunification of the country, the cherished desire of the fellow countrymen.

"We youth vanguards will readily dedicate our lives in following the guidance of the dear leader Kim Chong-il, holding him in high esteem at the head of the nation, in order to bring earlier national reunification so earnestly desired by President Kim Il-song in his lifetime."

A Professor Choe of Chonnam National University told his students who called at his house upon hearing the sad news and grieved over the death of respected President Kim Il-song:

"The death of President Kim Il-song is a big loss and grief not only for our nation but also for the progressives of the world.

"It was President Kim Il-song who felt the most acute pang at the misfortunes and sufferings of our people in the South.

"President Kim Il-song was, indeed, the father of our nation.

"We must not remain weeping. As I told you some time ago, we have the dear leader Kim Chong-il, a peerless great man to whom we can entrust the destiny and future of the nation.

"We must follow only the dear leader, trusting him as our mental pillar and the lodestar of reunification. Herein lies the bright future of our nation."

Visits to Foreign Embassies, Missions Continue

PRC Army Officers, City Officials

SK1707092694 Pyongyang KCNA in English 0908 GMT 17 Jul 94

[Text] Beijing, July 15 (KCNA)—Officers of the Chinese People's Liberation Army (CPLA), leading officials of Beijing municipality and officials of different organs visited the Korean Embassy in Beijing on July 13 to mourn the death of the great leader President Kim Il-song. Among them were former Deputy Chiefs of the General Staff of the CPLA Wu Xiuquan, He Zhengwen and Han Huaizhi, Deputy Chief of the General Staff of the CPLA Li Jing, Mayor of Beijing Li Qiyan, Chairman of the Standing Committee of the Beijing Municipal People's Congress Zhang Jianmin and Chairman of the Beijing Municipal People's Political Consultative Conference Wang Daming.

The mourners laid wreaths beneath the portrait of President Kim Il-song and made three bows, expressing deep condolences on his death.

Ugandan President Museveni

SK2107045694 Pyongyang KCNA in English 0448 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—The Ugandan President, Yoweri Kaguta Museveni, visited the DPRK Embassy on July 19 to express condolences over the death of President Kim Il-song of the Democratic People's Republic of Korea.

He laid a wreath beneath the portrait of President Kim Il-song and expressed condolences.

He made an entry in the mourner's book:

"I, with bitterest grief at the sorrowful death of President Kim Il-song, express sincere condolences to the Korean people, Comrade Kim Chong-il and the family of the deceased.

I extend thanks to President Kim Il-song, a veteran revolutionary and patriot, for his fraternal assistance to the African Liberation Movement till his death through the 40s, the 50s, the 60s, the 70s and the 80s."

On July 19, the flag was hung at half-mast at the presidential palace, the building of the Assembly Hall of the Parliament and all other main state buildings in Uganda to mourn over the death of President Kim Il-song.

Foreign Diplomatic Envoys

SK2107053794 Pyongyang KCNA in English 0512 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Diplomatic envoys of different countries and representatives of international organizations made condolence calls at the Korean missions on the death of the great leader President Kim Il-song.

Among them were diplomatic envoys of China, Gabon, Nigeria, Zaire, Brazil and the UNESCO in Togo and of Lebanon, Romania, the Czech Republic and Egypt in Zaire; diplomatic envoys of China, Cuba, Laos, Malaysia, Russia, Vietnam, Thailand and Bulgaria in Cambodia; Indian and Nigerian ambassadors to Uganda and diplomatic envoys of China, Pakistan, Russia, Sweden, Nigeria, Egypt, Indonesia, Syria, Senegal, Algeria, Malaysia, Poland, Libya, Niger and India in Kuwait.

The mourners expressed deepest condolences on the death of President Kim Il-song.

They said President Kim Il-song devoted all his life to peace, independence, national reunification and happiness of the people and his immortal exploits would be everlasting.

The resident delegate of the UN secretary general in Cambodia wrote in the mourner's book that the great leader Comrade Kim Il- song's policy of independence would certainly be carried out by the dear leader Comrade Kim Chong-il.

'High-Ranking' Foreign Officials

SK2107114194 Pyongyang KCNA in English 1023 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—High-ranking officials of different countries called at the DPRK missions to mourn the death of the great leader President Kim Il-song.

Among them were Italian Foreign Minister Antonio Martino; Minister of Home Affairs Chitalu Sampa and Minister of Development of Community and Social Welfare Kabunda Kayonga of Zambia; Chief of Staff of Defence of Armed Forces J.A. Abubakar and Minister of Education and Youth Development Iyorchia Ayu of Nigeria; Foreign Minister of Mexico Manuel Tello; President Pedro Ortega and General Secretary Trino Melean of the C.C. [Central Committee], the Communist Party of Venezuela; General Secretary of the Burkinabe Socialist Party Francois Ouedraogo; General Secretary of the Socialist Democratic Movement of Burkina Faso Idrissa Zampaligre; General Secretary of the Democratic Youth Revolutionary Party of Burkina Faso Toe de Stanislas; Secretary General of the African Party of Independence of Burkina Faso Philippe Ouedraogo; General Secretary of the Organization for People's Democracy-Labour Movement of Burkina Faso Simon Compaore; Chairman of the Executive Council of the C.C., the Bulgarian Communist Party (Marxists) Boris Petkov; Chairman of the C.C., the Burundi Party of Unity for National Progress Charles Mukasi; President of the People's Rally of Burundi Ernest Kabusheneye; Chairman of the Burundi People's Party Shadrak Niyonkuru; Chairman of the Liberal Party and Minister of Reforms of System and Parliamentary Relations Gaetan Nikobamye; President of the Chamber of Republics of the Federal Parliament of Yugoslavia Milos Radulovic; Chairman of the External Policy and Economic Committee of the Chamber of Citizens of the Federal Parliament of Yugoslavia Borisav Jovic, former President of the State Presidency of the Federal Republic and Vice-chairman of the Serbian Socialist Party; President of the National Committee of the League of Communists-Movement for Yugoslavia Dragomir Draskovic; General Secretary of the New Yugoslav Communist Movement Branko Kitanovic; Chairman of the Spanish Workers Committee Camacho; General Secretary of the Congolese Movement for Democracy and Integral Development Letembe Tambily; Chairman of the African Socialist Movement of the Congo Gerard Francois Yandza; Minister of State and Minister of Interior, Security, Local Development and Parliamentary Relations of the Congo Martain Mberi; Chairman of the Coordinating Council of the C.C., the Kazakh Communist Party Leonid Korolkov; General Secretary of the

People's Unity Party of Tunisia Mohamed Bel Hadj Amor; the former General Secretary of the C.C., the Czechoslovak Communist Party Milos Jakes; the advisor to the president for foreign policy, as a special envoy of Hungarian President Arpad Goncz; the protocol director of the presidency, as a special envoy of president of the Czech Republic Vaclav Havel; and the aide to the president specially authorised by Peruvian President Alberto Fujimori Fujimori.

Condolence calls were also made by ministers and other senior officials of Bangladesh and Tanzania, political and public figures and delegates of friendship and public organizations of Cuba, Romania, Libya, Mozambique, Senegal, Switzerland, Uganda, Ukraine, Algeria, Ethiopia, Uzbekistan, France and other countries, representatives of international organizations, and diplomatic envoys in different countries.

The mourners laid wreaths and bouquets beneath the portrait of President Kim Il-song and observed silent tributes, expressing deep condolences.

They made entries in the mourner's books, saying the immortal exploits performed by President Kim Il-song for mankind would remain forever in the memory of the world's people.

Further Overseas Condolence Expressions Sent

SK2007110194 Pyongyang KCNA in English 1048 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—Messages of condolence came to the dear leader Comrade Kim Chong-il from high-ranking officials, chuche idea study organizations and friendship organization of different countries and international and regional organizations on the death of the great leader President Kim Il- song.

Messages came from Crown Prince Maha Vajiralongkorn and Princess Maha Chakri Sirindhorn of the Kingdom of Thailand, President of the National Assembly of Thailand Marut Bunnag and Chief of the General Staff of the Madagascan People's Army Ralahy Paol, Director General of the International Institute of the Chuche Idea Shuhachi Inoue, the Central Committee of the World Federation of Democratic Youth, Chairman of the Asia-pacific Federation of the UNESCO Clubs and Associations R. Gunasingam, Secretary General of the Organization of African Unity Salim A. Salim, Secretary General of the League of Arab States Ahmad Esmat Abdul Maguid, Chairman of the Latin American United Association Jose Maria Chaves, Secretary General of the Chuche Idea Study Society of Britain D.K. Bhargava, Secretary General of the Chuche Idea Study Society of India Vishwanath [spelling of all names as received] and the chairman of the New Zealand-DPRK Society.

Angolan President, SRV Official

SK2007051894 Pyongyang KCNA in English 0501 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—Jose Eduardo Dos Santos, president of the Republic and president of the Popular Liberation Movement of Angola, and Pham Van Dong, advisor to the Central Committee [C.C.] of the Communist Party of Vietnam, sent wreaths to the Korean embassies to express deep condolences on the death of the great leader President Kim Il-song.

Delegations of the ministry of Labour, Disabled Soldiers and Social Affairs and the ministry of Light Industry led by the ministers, who are members of the C.C., the Communist Party of Vietnam, and other delegations of Vietnam called at the Korean Embassy to express condolences.

The delegations laid wreaths beneath the portrait of President Kim Il-song and observed silent tributes, expressing deep condolences on his death.

Additional Foreign Party Leaders

SK2007052194 Pyongyang KCNA in English 0505 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—Messages of condolence came to the dear leader Comrade Kim Chong-il from foreign party leaders on the death of the great leader President Kim Il-song.

They were sent by secretary general of the C.C. [Central Committee], the popular front for the liberation of Palestine George Habash; political leader of the Maurice Bishop Patriotic Movement of Grenada Terence A. Marryshow; secretary general Trino Melean and President Pedro Ortega of the C.C., the Communist Party of Venezuela; general secretary of the C.C., the Popular Liberation Movement of Angola Lopo Fortunato Ferreira Do Nascimento; president of the Panhellenic Socialist Movement Andreas Papandreou; general secretary of the C.C., the Communist Party of Argentina Patricio Echegaray; secretary general of the Sandinist National Liberation Front of Nicaragua Daniel Ortega Saavedra; general secretary of the Party for Unity and Progress of Guinea El Hadj Boubacar Diallo; and general secretary of the Permanent Secretariat of the Organization of Socialists in the Mediterranean Milud Al Mahdabi.

The messages said the death of President Kim Il-song is the biggest loss not only for the Korean people but also for the progressive people the world over.

They expressed the belief that the Korean people would change their sorrow into strength and courage and accomplish the cause of President Kim Il-song.

Asian Regional Institute Officials

SK2107050394 Pyongyang KCNA in English 0445 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—A wreath came from President T.B. Mukerjee and secretary general Govind Narain Srivastava of the Asian Regional Institute of the Chuche Idea on the death of the great leader President Kim Il-song.

Written in the ribbon hanging on the wreath were words "We mourn for his excellency the great leader President Kim Il-song, founder of the immortal chuche idea and lodestar of human emancipation."

The wreath was laid before the bronze statue of President Kim Il- song on Mansu Hill in Pyongyang on July 19.

Chongnyon Organizations, Associates

SK2107050794 Pyongyang KCNA in English 0452 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Messages of condolence came from organizations and compatriots under the General Association of Korean Residents in Japan (Chongnyon) on the death of the great leader Generalissimo Kim Il-song.

The organizations included the Kyoto, Kanagawa and Hyogo Prefectural Korean physical culture and sports associations, the Kyushu, Kanagawa and Hyogo Korean song and dance troupes, the Kanagawa Prefectural educational association of Koreans in Japan, the Kyoto Korean high school committee of the League of Korean Youth in Japan (Chochong), branches and sub-branches of Fukuoka, Hyogo, Kyoto, Kanagawa, Oita, Okayama, Miyagi and Chiba Prefectural and Hokkaido, Sapporo and other local headquarters of Chongnyon, Chochong and the Democratic Union of Korean Women in Japan, and the Hokkaido, Okayama, Fukuoka and Fukui credit associations of the Korean bank.

Messages also came from Choe Hak-no, Choe Yong-ae, and advisor to the Democratic Union of Korean Women in Japan Pak Chong-hyon, Chairman Kim Yong-hak and permanent advisor Kang Un-chu of the Fukuoka Prefectural headquarters of Chongnyon who had been honored with the audience of the fatherly leader, and many other Chongnyon officials and compatriots.

Foreign Heads of State, Parties

SK2107053294 Pyongyang KCNA in English 0505 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Messages of condolence came to the dear leader Comrade Kim Chong-il from foreign heads of state and party leaders on the death of the great leader President Kim Il- song.

They came from Namibian President Sam Nujoma; President of Iceland Vigdis Finnbogadottir; Lithuanian President Algirdas Brazauskas; Governor-General of the Commonwealth of the Bahamas Clifford Darling; General Secretary of the Supreme Council Ali Hassan and Chairman Inaam Raad of the Nationalist Socialist Party of Syria in Lebanon; first secretary of the C.C. [Central Committee], the Bolivian Communist Party Jorge Ibanez Castro; General Secretary Mario Melores and Deputy General Secretary Juan Ndongbaeada of the Social Democratic Convergercy of Equatorial Guinea; leader of the Social Action Party of Thailand Montri Pongpanich; secretary general of the C.C., the Nepal Communist League Samboram Shrestha; Secretary General of the All-African Social Democratic Party Jaiyer Sahbani; Chairman of the Nationalist Working People's Party of Peru Eleazar Gutara Marabi; Chairman of the Awami League of Bangladesh Seikh Hasina; and the Bulgarian Communist Party (Marxists).

The messages express deep condolences on the death of President Kim Il-song and hope that the Korean people will accomplish the cause of the great leader under the wise leadership of Comrade Kim Chong-il.

More Foreign Party Leaders

SK2107114494 Pyongyang KCNA in English 1002 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Messages of condolence came to the Central Committee of the Workers' Party of Korea [WPK] from foreign party leaders on the death of the great leader President Kim Il-song.

Among them are G. Zhyuganov, chairman of the Central Executive Committee of the Communist Party of the Russian Federation; Leons Ntikumana, general secretary of the National Leadership Committee of the Front for Democracy in Burundi; Hasanup Huq Inu, general secretary of the Central Executive Committee of the Bangladesh National Socialist Party; Sh. Shabdolov, chairman of the Central Committee of the Tadzhik Communist Party; Chairman Sulbeig Omdal and Chairman of the External Relations Committee Arnljot Asuwl [words indistinct], of the Central Committee of the Workers Communist Party of Norway; Peter Symon, general secretary of the Central Committee of the Socialist Party of Australia; Pablo Medina, general secretary of the Radical Cause of Venezuela; and Lambert Mende Omalanga, national chairman of the Lumumba Congolese National Movement-Original of Zaire.

They in the messages stressed that the death of the most outstanding political leader of the present time filled the hearts of numerous people with bitter grief and the valuable feats performed by him in his lifetime will be eternal.

The messages of condolence came to the WPK Central Committee from the national direction of the Camanista Revolutionary Unity of Dominica and to the Government of the Democratic People's Republic of Korea from Prime Minister of Antigua and Barbuda L.B. Bird.

International Mourning Activities Continue

India Reschedules Mourning Period

SK1807044994 Pyongyang KCNA in English 0426 GMT 18 Jul 94

[Text] Pyongyang, July 17 [date as received] (KCNA)—The Indian Government rescheduled the mourning period on the death of the great leader President Kim Il-song to be the three days from July 18 to 20.

The government decided to hang the flag at half-mast all over India and at the Indian diplomatic missions overseas and ban an official amusement functions during the mourning period.

Nepalese Socialists Found Group

SK2007105794 Pyongyang KCNA in English 1024 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—A Nepalese Memorial Committee for the great leader President Kim Il-song was inaugurated in Kathmandu on July 13.

The committee consists of Man Mohan Adhikari, president of the Central Committee of the Nepal Communist Party (United Marxism- Leninism); Narayan Man Bijukchhe, chairman of the Nepal Workers and Peasants Party; Keshar Jung Rayamaji, chairman of the Nepal Democratic Socialist Party; Lokendra Bahadur Chand, leader of the National Democratic Party of Nepal and former prime minister; B.B. Shrestha, chairman of the Literary Journalist Association; Kirti Nidhi Bista [spelling of names as received], former prime minister; and other political and public figures.

The committee on July 16 laid a wreath with deep condolences on the death of President Kim Il-song.

The committee decided to introduce the immortal feats of President Kim Il-song in the Nepalese press on July 17.

Memorial Services Held Abroad

SK2107114394 Pyongyang KCNA in English 1047 GMT 21 Jul 94

[Text] Pyongyang, July 21 (KCNA)—Memorial services were held in different countries on the death of the great leader President Kim Il-song.

Memorial services were held by representatives of Russian political parties and organisations in Moscow on July 17 and by members of parliament from different political parties of India on July 16.

Memorial services were also held by the Cuban Institute of Friendship with the People and the Zaire-Korea Friendship Association, in Lagos and at Zameson Machine Co. in Enugu Province, Nigeria, by the Ghana Association of Writers, in Maputo and at the Maleice Agricultural Cooperative in Chibuto County, Gaza Province, Mozambique, and Lome, Togo from July 12 to 16.

The portrait of President Kim Il-song was hanging on the front wall of the memorial service halls.

The participants in the memorial services laid baskets of flowers and bouquets and wreaths before the portrait of President Kim Il- song and observed a moment's silence, expressing deep condolences.

Memorial addresses and speeches were made at the memorial services.

Aleksey Prigarin, vice-chairman of the Council of the Communist Party Federation-the Communist Party of the Soviet Union, said in his speech that the death of President Kim Il-song is the biggest loss not only of the Korean people but also of the world people.

Although Comrade Kim Il-song passed away, his cause would be successfully carried forward by Comrade Kim Chong-il, a tested leader, he noted.

S.S. Mohapatra, former general secretary of the Indian National Congress Party of Indira Gandhi, in his memorial address said the history of the world knows no other outstanding leader of people than President Kim Il-song. His feats will shine forever down through generations, he said.

Memorial services were held in Sweden, Finland, Switzerland and Nepal.

Overseas Organizations Hold Services

SK2007110894 Pyongyang KCNA in English 1056 GMT 20 Jul 94

[Text] Pyongyang, July 20 (KCNA)—Memorial services were held in different countries on the death of the great leader President Kim Il-song.

Memorial services were held on July 14 by the New Yugoslav Communist Movement, the al-Hadi Islamic Propaganda Organization of Iran and the Zambia-Korea Friendship Association.

The participants in the memorial services observed a moment's silence, expressing deep condolences over the death of President Kim Il-song.

Memorial addresses were made.

General Secretary of the New Yugoslav Communist Movement Branko Kitanovic [spelling of name as received] in his memorial address said:

"Respected Comrade Kim Il-song was an elder statesman of the international communist movement and working-class movement, only one in the world, who devoted his whole life to the Korean revolution and the world revolution."

"He had performed immortal feats for the Korean revolution and the world revolution through the vicissitudes of life for a long time since he embarked on the road of revolution in his early years".

"Though the heart of the great Comrade Kim Il-song ceased to throb, his brilliant feats will shine forever with history," he said.

Hadi Gafri [spelling of name as received], chairman of the al-Hadi Islamic Propaganda Organization, in his memorial address, said that the respected leader Comrade Kim Il-song had wisely led the Korean revolution and he was a great man of the century possessed of distinguished art of leadership and benevolent humanity.

"The dear leader Comrade Kim Chong-il is creditably carrying forward and accomplishing the revolutionary cause started by the great leader Comrade Kim Il-song," he stressed.

A memorial service took place in Moscow on July 16.

Vladimir Tolstikov, chairman of the Central Council of the Russian Association for Friendship and Cultural Cooperation With the Democratic People's Republic of Korea, in his memorial address said:

"Comrade Kim Il-song is a benevolent great leader of the people possessed of noble virtues. He set the country's reunification as the supreme task of the nation and put his heart and soul into its realization," he said, adding: "I am convinced that the dear leader Comrade Kim Chong-il will carry forward the revolutionary cause of the great leader and wisely lead the Korean people."

A joint memorial service was cosponsored by political parties and public organizations in Copenhagen, Denmark on July 13.

And, memorial services were held by the Indian Union of Students, the National Committee of the Socialist (Communist) Party of Romania, the Ugandan Union of Railway Workers and the Zimbabwean Youth Centre for the Study of Kimilsongism over July 10-15 on the death of President Kim Il-song.

Memorial services were held by the Society for the Study of the Chuche Idea of Guinean Youth and Students and the Guyanese National Committee for the Study of the Chuche Idea of Comrade Kim Il-song.

Chongnyon Holds Ceremonies

SK2107131494 Pyongyang KCNA in English 1052 GMT 21 Jul 94

[Text] Tokyo, July 19 [date as received] (KNS-KCNA)—A ceremony was solemnly held on July 19 to bid the last farewell to the respected leader Generalissimo Kim Il-song at the central headquarters of the General Association of Korean Residents in Japan (Chongnyon).

A portrait of Generalissimo Kim Il-song was hanging on the front wall of the ceremony hall.

The entire participants observed a moment's silence with deep respect.

Yi Chin-kyu, first vice-chairman of the Central Standing Committee of Chongnyon, said in his speech of the last farewell that the Koreans in Japan were bidding their last farewell to the great leader Generalissimo Kim Il-song with unbearable sorrow at the loss of the fatherly leader.

Though we are bidding our last farewell to the great leader, his tender image will remain forever in the hearts of the people in the homeland and 700,000 Koreans in Japan, he said, and stressed.

We are determined to change the present sorrow into strength and courage and continue to vigorously advance for the victory of the revolutionary cause of chuche, the socialist cause and the movement of the Koreans in Japan, singleheartedly united around Comrade Kim Chong-il, supreme commander of the Korean People's Army, holding him in high esteem as the leader in hearty response to the noble intention of the great leader Generalissimo Kim Il-song.

Ceremonies for bidding the last farewell to Generalissimo Kim Il- song were solemnly held at organizations and schools under Chongnyon and families of Koreans in different parts of Japan.

South Korea

Daily Speculates on Kim Chong-il's Health

SK2107000394 Seoul THE KOREA HERALD in English 21 Jul 94 pp 2, 4

[Text] Is the junior Kim's health failing too?

Kim Chong-il, who bid his last farewell to his father at the funeral ceremony Tuesday, looked somber and sick as if he just walked out of a hospital.

It may be natural for the younger Kim to look washed out after the anguish and sorrow he had to suffer because of the sudden demise of his father, Kim Il-song. But, the complexion of Kim Chong-il that appeared on the TV footage of the funeral was more than pale, triggering speculation that there may be a serious problem in the health of the probable future leader of North Korea.

As a matter of fact, the son made only four visits to the late Kim who was laid in state at the presidential palace, Kumsusan assembly hall. Even then, he appeared only for a short while in public.

Western media have reported on several occasions that Kim Chong-il too is suffering from a heart ailment just like his father who died of a heart attack July 8.

A Japanese newspaper said that the junior Kim was bed-ridden with some kind of a heart disease in February

1985 when he stayed out of public view for more than two months. Similarly, diplomatic sources in Moscow said that the eldest son of the late Kim might have had cardiac trouble when he disappeared July last year again for nearly two months.

In addition, some heart specialists predicted that it was probable that the son was suffering from a heart ailment passed on to him genetically by his father. In connection with this, Prof, Choe Pyong-kil of Yonsei University has recently alleged that the younger Kim, 165-cm-tall and weighing 86 kilograms, underwent an operation to implant a pacemaker.

He is also rumored to have been injured in a traffic accident around May last year.

Taking all this into account, it is not very difficult to speculate that the haggard look of the son at the funeral may not be just derived from fatigue or agony over his father's death.

People Wearing Kim Chong-il Badge Appear

SK2107013794 Seoul CHOSON ILBO in Korean 21 Jul 94 p 1

[YONHAP from Tokyo]

[Text] In a dispatch from Beijing, Japan's ASAHI SHIMBUM reported on 20 July that citizens in the streets of Pyongyang have already begun wearing badges bearing Kim Chong-il's face instead of that of Kim Il-song.

Quoting remarks made by foreign commercial officials concerned in Pyongyang, the paper reported: The North Korean leadership instructed people to abstain from drink and entertainment during the period of Kim Il-song's funeral. This still remains effective in North Korea.

Daily Analyzes Kim Chong-il's Military Backer

SK2107091694 Seoul HANGUK ILBO in Korean 17 Jul 94 p 4

[By reporter Son Tae-kyu]

[Text] Kim Chong-il has no military experience. When considering the fact that North Korea is under an army system, this may be a fatal weak point in Kim Chong-il's political life.

However, in the process of assuming the reins of power, Kim Chong-il has been elaborately maneuvering over a long period of time to take command of the military. He started to put his people at cadre levels of battalion commander from the mid-seventies. At the sixth party congress in October 1980, he was elected member of the party Military Commission, thus he started to officially exercise power. In 1993, Kim Chong-il was finally elected as supreme commander of the People's Army and chairman of the National Defense Commission, and even received the title of marshal. Thus, he put the finishing touches in consolidating his military authority.

The figure who contributed the most in this process is O Kuk-yol. O Kuk-yol (66, a general and director of the operations department of the party), who is even being called 'the crown prince of the military,' and 'Kim Chong-il's alter ego,' is inevitably a figure to whom we must pay attention in the military field under Kim Chong-il's system.

Military experts believe that when Kim Chong-il's system is officially inaugurated, O Kuk-yol will become the minister of the People's Armed Forces. It is being viewed that Kim Chong-il will honorably treat O Chin-u, the current minister of the People's Armed Forces, only as the vice chairman of the National Defense Commission, and appoint O Kuk-yol, who was already the chief of the General Staff in 1979, as the minister of the People's Armed Forces. If this is the case, the minister of the People's Armed Forces will be a different position than the one when O Chin-u was the minister of the People's Armed Forces. It seems that under a unified military system, in which the chief of the General Staff exercises military command and military administration, the minister of the People's Armed Forces will be a powerful position taking over real power.

In the North Korean military pivoted by the guerrilla generation, O Kuk-yol made his way to the posts of the commander of Air Force in his thirties, and chief of the General Staff in his forties. This was backed by his peculiar relations with Kim Il-song and his son.

O Kuk-yol is the son of O Chung-hup, Kim Il-song's most loyal guerrilla comrade who died in action 32 years ago. He was born in Jilin, China, and brought up at Kim Il-song's home as one of the selected bereaved children of revolutionaries. Before entering the first class of Mangyongdae Revolutionary School, O Kuk-yol was looked after by Kim Chong-suk for about six months together with Kim Chong-il.

O Kuk-yol has taken the road to success thanks to his special relations with Kim Il-song's family, and played a decisive role in purging the opposition force in the course of setting up the system paving a way for Kim Chong-il to inherit power. He stood at the van to eradicate Yi Yong-mu, director of the General Political Bureau, and Chang Chong-hwan, vice minister of the People's Armed Forces, by labeling them as anti-party and anti-revolutionary elements. This incident served as a turning-point for him to grasp actual power of the military.

Another notable factor is that O Kuk-yol studied at the Soviet Air Force University and served as the principal of the Air Force University and the Air Force commander.

It has been learned that, after the end of the Korean war, Kim Il-song had painfully regretted the inferiority of the Air Force capability. Accordingly, military experts view that O Kuk-yol intentionally chose the Air Force and went to the Soviet Union to study this thanks to Kim Il-song's consideration and, since then, has led the work to increase the Air Force capability 10 years ahead of South Korea. In particular, North Korea has sent its military delegation to the Soviet Union and east European countries from 1979 and attempted to introduce new military strategies and strategic doctrines, and ultramodern weapons, thus rearranging its military system for modern warfare. It has also been learned that O Kuk-yol, who studied the Soviet Union's strategic tactics, including the concept of a blitz, was in charge of such a project from the time he served as chief of the General Staff.

However, O Kuk-yol raised a question when he handed over the title of the chief of the General Staff to Choe Kwang in 1988, 10 years after he assumed the position. It was learned later that his lines stressing "the military science and technology," and "the improvement of the People's Army's technical equipment" had collided with O Chin-u and other the first generation of anti-Japanese revolution who value arming and mobilizing all people and ideology, rather than modern weapons and technology.

O Kuk-yol, whom everyone thought would disappear from the power scene, has again assumed the title of the director of the civil defense of the party. He is reportedly in charge of operations toward the South as the director of the Operations Department of the party and is still deeply trusted by Kim Chong-il.

Military experts predict that once Kim Chong-il completes his succession to power and appoints O Kuk-yol to an important position, the North Korean Army will have to go through a massive shift in generation and will concentrate its efforts to modernize and regularize the Army. However, the division of power and the restriction on the military's intervention in politics, which will accompany the work of modernizing and regularizing the Army, may collapse the order of "the single-hearted unity between the party and military," thus bringing about unexpected confusion within the military. O Kuk-yol's movement can be seen as a decisive factor in stabilizing the Kim Chong-il system.

Finnish Ministry: Kim Pyong-il 'Not in Helsinki'

SK2107010994 Seoul YONHAP in English 0103 GMT 21 Jul 94

[Text] Washington, July 21 (YONHAP)—North Korean ambassador to Finland Kim Pyong-il, a lesser-known son of the late Kim Il-song, is not in Helsinki, Finnish Foreign Ministry officials said Wednesday.

They said in a telephone interview that they have not received any notification from the North Korean Embassy on when the ambassador, half brother of Kim Chong-il, who has apparently taken power after his father's death, will return to the post.

To the question of whether North Korea has disclosed any plans to change its ambassador to Finland, a Finnish official said only that "we have not received any notificaion."

A diplomatic source said North Korean Embassy officials have apparently received no confirmation on what will become of Kim Pyong-il.

A U.S. official said that Kim Chong-il appears to be in control at the moment but that the possibility of a challenge should not be ruled out in the long run. "In that case Kim Pyong-il, who has served in the military, will become a big challenge to Kim Chong-il," he said. "Kim Pyong-il is especially popular in the military, making him a burden to Kim Chong-il. Anyway, whether Kim Pyong-il returns to Helsinki or not will be a factor that may affect Kim Chong-il's future."

Hanchongnyon Instructions for Mourning Found

SK2107001794 Seoul THE KOREA TIMES in English 21 Jul 94 p 3

[Text] The Prosecutor General's Office [PGO] obtained letters of instruction sent from Hanchongnyon, or the Korean Federation of University Student Councils, to university councils which ordered them to put up placards to mourn the death of Kim Il-song, a PGO spokesman said yesterday.

In the letter addressed to each university student council across the nation under title of "Instructions for propaganda activities on the occasion of the passing away of president Kim Il-song," Hanchongnyon directed that mourning placards be set up simultaneously at 9 A.M. Tuesday.

Police obtained the letter from a student activist of Chonnam National University, the spokesman said.

Giving directives on propaganda strategy, Hanchongnyon, the nation's largest student organization controlled by radical students, gave student councils messages to be carried on wall posters which urge the government to dispatch a condolence delegation to the North and make efforts for a South-North summit.

It also said, "A long-term strategy of propaganda should be devoted to publicizing president Kim Il-song's great feats in heroic armed struggle against Japanese colonial rule, the national liberation war (Korean War), restoration of the Communist system in the North and the recent diplomatic exploits in the nuclear issue."

As catchphrases for the mourning placard, it listed four versions, including "Dispatch of condolence delegation is righteous" and "We mourn the death of president Kim Il-song. The South-North summit should be achieved."

It also gave an instruction on formality of the mourning placards that the letters should be written in black on a white cloth and both ends of the placards be marked in black to express grief over Kim's death.

The prosecution will prosecute all of those involved in the pro-Pyongyang propaganda activities on charges of violating the National Security Law, the spokesman said.

Prosecution: Faxes Exchanged With DPRK

SK2107113894 Seoul YONHAP in English 1058 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—Despite its claim that it had never exchanged messages with North Korea, the Korea Federation of University Student Councils (Hanchongnyon) had in fact exchanged messages with North Korean student organizations often from 1992 through 1994, the prosecution said Thursday.

The public security department of the Prosecutor General's Office said Hanchongnyon's predecessor, Chondaehyop [National Council of University Student Representatives], exchanged facsimile messages with North Korea 16 times in 1992 and Hanchongnyon itself 18 times in 1993.

The North Korean organizations with which Hanchongnyon and its predecessor exchanged messages included the northern and overseas headquarters of Pomchonghagnyon [National Alliance of the Youth and Students for the Country's Reunification], Kim Chaek Institute of Technology, Kim Il-song University, Pyongyang Foreign Language University and Cha Kwang-su University, the department said.

This year alone, there were four exchanges of messages including the one in which Pak Sang-chun, chairman of the Fatherland Unification Committee of Chosun University, exchanged facsimile messages with Kim Hyongchik Teachers College of North Korea.

Most of these messages were exchanged through Japan or the joint secretariat of Pomchonghagnyon in Berlin, the prosecution said.

The students involved in the exchange of messages with North Korea have already been legally dealt with or placed on a wanted list, it added.

University President's Remarks Criticized

SK2107065294 Seoul YONHAP in English 0540 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—A Catholic Priest's Association Thursday criticized Sogang University President Pak Hong for alleging "out of bias and ignorance" that Kim Chong-il is behind student activists in South Korea.

In a press conference held at the Catholic Hall in Seoul's Myongdong Cathedral, the association, on behalf of President Pak who is a Catholic father, apoloized to the people for the "confusion and concern" caused by Pak's allegations.

"We are very much ashamed and saddened by Fr. Pak's remarks," made at a Chongwadae meeting on Monday and repeated elsewhere Tuesday, the association said. "The allegations are utterances from wild fantasies, alienated from the basic conscience of an intellect, Jesus Christ's disciple and a university president."

The Catholic Priest's Association for Justice is represented jointly by Rev. Kim Pyong-sang, Kim Song-hun and Ham Se-ong.

The association recalled that Fr. Pak caused a controversy in June 1989 by alleging that dark forces existed behind young people who burned themselves to death for democratization, and that he had proof of a suicide squad.

The association defended the Korean National Federation of Student Councils (Hanchongnyon) as "an autonomous fraternity of young students agonizing over the nation's reality," and not an organization controlled by followers of Kim Il-song's Chuche (self-reliance) ideology. It apologized to and begged the pardon of "young students, prisoners of conscience, their families and farmers."

In the meantime, the Korean National Council of Churches (KNCC) Thursday denounced President Pak's Chongwadae remarks and demanded an apology. "An educator should accommodate his disciples' faults and lead them to recognize them themselves. President Pak instead accused and maligned them, giving rise to doubt as to his qualifications," the KNCC said in a statement.

Taking issue with a recent police raid on the Yonsei University library, the KNCC called on the government to "rid itself of the conservative forces inducing political repression" and to "restore political leadership."

Safety of University President Guaranteed

SK2107113694 Seoul YONHAP in English 0733 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—President Kim Yongsam Thursday guaranteed the personal safety of Sogang University President Pak Hong, who has been threatened with abduction because of his allegations that radical students in South Korea are controlled by the North.

During a lunch meeting with the press covering Chongwadae [presidential offices], President Kim said it is intolerable that the personal safety of a person who has made proper remarks should be threatened. Appropriate action will be taken against anyone attempting to harm him, he said.

Asked about the government's failure to detect the death of Kim Il-song before the official announcement, President Kim praised the competence of the nation's intelligence community. "No intelligence body in the world, I understand, was able to detect it in advance."

The president responded affirmatively to a question on whether the cabinet will be reshuffled if Trade, Industry and Energy Minister Kim Chol-su is elected director-general of the proposed World Trade Organization (WTO). The post of WTO secretary-general is "no less important than that of the United Nations secretary-general in the economic world," he said.

President Kim disclosed that a search is on for a successor to Unification Minister Yi Hong-ku as chairman of the bidding committee for the 2002 World Cup. Under a plan now being studied, Minister Yi would remain with the bidding committee as honorary chairman. (endall) 210733 kw/ramirez/YONH2128/bj 21/1133z Jul BT #2795 NNNN

Deputy Prime Minister, Galluci Discuss Issues

SK2107093294 Seoul KBS-1 Radio Network in Korean 0900 GMT 21 Jul 94

[Text] This afternoon, Yi Hong-ku, deputy prime minister and minister of national unification, received a courtesy call from Gallucci, U.S. assistant secretary of state, who is now on a visit to the ROK. They discussed the North Korean situation following Kim Il-song's death and ways to solve North Korea's nuclear issue.

In the meeting, Deputy Prime Minister Yi explained to him the government's position that even though the South-North summit talks have been postponed by the North side as a result of Kim Il-song's death, the principle agreed upon between the South and North is still in effect.

Deputy Prime Minister Yi also emphasized: Our citizens' sentiment is that we should approach the question of supporting North Korea's building of a light-water reactor from a long-term standpoint of building a national community and promoting the national well-being. The ROK and the United States should cooperate closely with each other on the basis of such a principle.

More on Discussion

SK2107063594 Seoul CHUNGANG ILBO in Korean 21 Jul 94 p 2

[By reporters Kang Yong-chin and Chong Son-ku]

[Text] The ROK and the United States have set out full-fledged discussions on the North Korean nuclear issue and multilateral measures in diplomatic and national defense fields to promptly cope with the changes on the Korean peninsula resulting from Kim Il-song's death.

Visiting U.S. Nuclear Ambassador Robert Gallucci and ROK reunification, diplomacy, and security officials discussed the holding of the third round of U.S.-North Korean high-level talks. The ROK and the United States will also hold working-level subcommittee meetings of the annual ROK-U.S. Security Consultative Meeting [SCM] from 8 through 10 August.

U.S. Nuclear Ambassador Robert Gallucci, who arrived in Seoul on 20 July, held talks with Foreign Minister Han Sung-chu and Nuclear Ambassador Kim Sam-hun on the morning of 21 July. He also had a meeting with Yi Hong-ku, deputy prime minister and minister of the National Unification Board, and paid a courtesy call at the presidential offices that afternoon.

In a series of meetings on 21 July, the two countries intensively coordinated measures to urge North Korea to freeze its nuclear activities [haek hwaltong], to return to the Nuclear Nonproliferation Treaty, and to implement the declaration on denuclearization of the Korean peninsula, during U.S.-North Korean talks which are likely to be resumed in early August, .

Taking the stalled South-North summit talks into consideration, the ROK asked the United States to stress how important it is to resolve the nuclear issue through South-North dialogue during the third round of talks with North Korea.

The ROK and the United States also had intense discussions on how to provide North Korea with technology for a light-water reactor system in order to ultimately resolve the nuclear problem.

Leaving the ROK on 22 July, U.S. Nuclear Ambassador Gallucci will visit Japan, China, and Russia to discuss how North Korea will be provided with technology for a light-water reactor system.

Meanwhile, Noel Longmayer, the new U.S. undersecretary of defense, arrived in Seoul on 20 July. Meeting with Deputy Defense Minister Chong Chun-ho and Deputy Foreign Minister Pak Kon-u, he inspected plans for reinforcement of U.S. Forces and the ROK Army and discussed the security situation on the Korean peninsula.

The Ministry of National Defense said on 20 July that the ROK and the United States have decided to hold working-level subcommittee meetings of the 26th SCM at the U.S. Pacific Command in Hawaii from 8 through 10 August.

The meetings of the SCM subcommittees were originally slated for mid-June, but were postponed indefinitely because tensions on the Korean peninsula were aggravated due to North Korea's refusal to allow nuclear inspections.

Vice Foreign Minister Meets U.S. Official

SK2107083094 Seoul YONHAP in English 0713 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—Vice Foreign Minister Pak Kun-u and Acting U.S. Undersecretary of State Noel Longuemare discussed the latest political and nuclear developments in North Korea, ministry officials said Thursday.

Longuemare called on Pak during his three-day visit here from Wednesday that is aimed at getting a closer look at the situation surrounding the Korean peninsula, the officials said.

The official is tapped to be the next undersecretary of defense for acquisition and technology.

He and Pak exchanged opinions on North Korea's prospects under the leadership of Kim Chong-il, the upcoming North Korea-U.S. high- level nuclear negotiations and overall security matters, the officials said.

ROK, U.S. Reaffirm Stance on Nuclear Issue

SK2107082394 Seoul YONHAP in English 0655 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—South Korea and the United States reaffirmed Thursday that North Korea must freeze its nuclear program in order for diplomatic dialogue to continue.

They also maintained that a complete settlement of the North Korean nuclear problem includes the transparency of its past activities as well.

Kim Sam-hun, South Korea's nuclear ambassador, and U.S. Assistant Secretary of State Robert Gallucci, chief nuclear negotiator with North Korea, went over these key points as Pyongyang and Washington prepare to resume high-level dialogue.

"There were new issues to discuss, no differences in opinion," Amb. Kim said after a series of talks with gallucci and his team.

The assistant secretary came to Seoul Wednesday, then met with South Korean Foreign Minister Han Sung-chu, Deputy Premier Yi Hong- ku and President Kim Yong-sam on Thursday.

The new aspects concern the sudden death of North Korea's longtime ruler Kim Il-song and the rise of a new regime that will likely be led by his son, Chong-il.

"We exchanged views on these changes of the situation in North Korea," said Kim.

The talks mostly went over the unchanged positions shared by Seoul and Washington, regardless of the important internal changes in North Korea.

The two sides confirmed that a freeze in Pyongyang's nuclear program—to be proved by North Korea not reloading its nuclear reactor, not reprocessing the spent fuel taken from the reactor and allowing International Atomic Energy Agency (IAEA) inspectors to stay on for monitoring—is the basis for continued diplomatic dialogue between North Korea and the United States.

A full solution to the problem entails further action including North Korea's complete return to the nuclear Non-proliferation Treaty (NPT), full compliance with the IAEA safeguards accord and implementation of the inter-Korean agreement on denuclearization.

"We confirmed that this also means not only transparency in North Korea's present and future nuclear activities but clearance on its past activities," Amb. Kim told reporters.

"We said that as we said before, South Korea and the United States are ready to discuss North Korea's matters of interest—such as assistance for light-water nuclear reactor technology and political-economic relations improvement with Washington—as part of the 'thorough and broad' approach," the ambassador said.

The third round of North Korea-U.S. high-level dialogue had to close after just one day, July 8, after Kim Il-song's unexpected death.

Pyongyang is said to have remained in contact with Washington and has indicated it will resume the dialogue soon.

Japanese Foreign Minister Plans Visit 23 Jul

SK2107011294 Seoul YONHAP in English 0106 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—The South Korean and Japanese Foreign Ministers will be meeting in Seoul on July 23, the Foreign Ministry said Thursday.

Yohei Kono is to accompany Prime Minister Tomiichi Murayama on a weekend working visit to Seoul from July 23-24. Kono will meet with his South Korean counterpart Han Sung-chu on the day of his arrival, the ministry said.

Because Japan operates under a parliamentary cabinet system, it is rare for a Japanese foreign minister to accompany the prime minister on an overseas trip.

Kono and Han will exchange assessments of the North Korean situation following the death of the country's five-decade ruler, Kim Il-song, and the upcoming Association of Southeast Asian Nations (ASEAN) conference in Bangkok next week.

Foreign Minister Plans To Visit Bangkok

SK2107113794 Seoul YONHAP in English 0729 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—South Korean Foreign Minister Han Sung-chu visits Bangkok from July 25-28 for the first Regional Security Dialogue Forum and for the annual ministerial conference of the Association of Southeast Asian Nations (ASEAN), the ministry announced Thursday.

This year's ASEAN conference takes on a new light as the first formal gathering of foreign ministers from 18 countries in the region to discuss a security agenda, the first such meeting in the Asia-Pacific.

This meeting, called the ASEAN Regional Forum (ARF), on July 25 is expected to address North Korea's nuclear program as a regional threat and call for an early diplomatic solution, ministry officials said.

Han plans to brief the attendants on developments on the Korean peninsula after the sudden death of North Korean leader Kim Il-song, the urgent need to settle the nuclear crisis and the importance of nuclear nonproliferation, they said.

He will also advocate the creation of a "Northeast Asia Security Dialogue (NEASD)," which was already proposed in May.

The ARF is followed by the post-ministerial conference from July 26-28 to discuss Asia-Pacific political-security cooperation, regional strife and economic issues.

Han has arranged separate bilateral meetings with foreign ministers attending the ASEAN conference, including those from China and Russia whom he will meet on July 24.

He also plans to meet his counterparts from Malaysia, Australia, New Zealand, the European Union (EU) and Vietnam.

He will talk with U.S. Deputy Secretary of State Strobe Talbott, who is attending in place of Secretary Warren Christopher.

Canadian Foreign Minister Arrives for Visit

SK2107102394 Seoul YONHAP in English 0924 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—Canadian Foreign Minister Andre Ouellet arrived in Seoul Thursday for a four-day visit whose itinerary includes negotiations on the South Korea-Canada "special partnership."

Ouellet will meet with Unification Minister Yi Hong-ku and Defense Minister Yi Pyong-tae and tour the truce village of Panmunjom during his stay.

His talks with his South Korean counterpart Han Sung-chu will cover briefings and an exchange of opinions on developments surrounding the Korean peninsula after the death of North Korean President Kim Il-song, as well as bilateral economic relations.

Ouellet came here just before the start of an Association of Southeast Asian Nations (ASEAN) post-ministerial conference in Bangkok next week, and the foreign ministers are expected to discuss joint cooperation at the regional forum.

The two countries agreed on a "special partnership," designed to enhance political and trade relations, last November when South Korean President Kim Yong-sam visited Canada.

Trade Minister Calls on Indonesian President

SK2107065694 Seoul YONHAP in English 0625 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—Trade, Industry and Energy Minister Kim Chol-su paid a courtesy call on Indonesian President Suharto Thursday to exchange views on bilateral cooperation in resources and trade.

The ministry said that Kim, who is currently visiting Indonesia, expressed gratitude to President Suharto for his country's stable supply of Liquefied Natural Gas (LNG) to South Korea.

During the meeting, he also asked the president to cooperate in balancing bilateral trade as South Korea is suffering from a trade deficit.

Kim explained his reasons for seeking to become the first director-general of the World Trade Organization (WTO), which will be inaugurated early next year, and asked for active support from the Indonesian Government.

He is to participate in the 15th meeting of the Korea-Indonesia Joint Committee for Mineral Resources and Energy Cooperation on July 22-23 before visiting four other members of the association of Southeast Asian Nations (ASEAN)—Malaysia, Singapore, Thailand and the Philippines.

Kim is scheduled to return on July 30.

Labor Dispute at Hyundai Deteriorating

SK2107113594 Seoul YONHAP in English 0724 GMT 21 Jul 94

[Text] Ulsan, July 21 (YONHAP)—The labor dispute at Hyundai Heavy Industries Co. here is worsening, as the union has adopted an eye-for-an-eye strategy against the company's lockout Wednesday.

Hard-line unionists occupied a Liquefied Natural Gas (LNG) carrier under construction, a Goliath crane and other heavy equipment immediately after the company locked them out, while preparing for a raid by riot police.

The union announced it would not meet with management during the lockout, while unilaterally suspending collective bargaining and bringing the past 67 rounds of talks to naught.

At a meeting last week, company President Kim Chong-kuk told union leader Yi Kap-yong he wished to complete the collective bargaining by the end of July, as the company starts summer vacation in early August. This gave the union hope that the company would make a new compromise.

But then, the company suddenly slapped the union with a lockout. Bewildered by this extreme step, union leader Yi said the union had no choice but to take tough action because the president had broken his promise.

The company was well aware that a lockout would push the union into taking extreme action, but failed to take the necessary preventive steps.

After the lockout, local police planned to deploy riot troopers around the company, but Hyundai group Chairman Chong Se-yong asked the police to drop the plan, saying the company would settle the dispute on its own.

The police pulled back some 5,000 riot troops mobilized from other police stations in the province and even from Seoul Wednesday, but when the situation worsened Thursday the police decided to increase the riot police presence in Ulsan to 10,000.

Even after the lockout, the company gave up major equipment and facilities to unionists, enabling them to stage sit-ins with the new demand for a lifting of the lockout. Facing this situation, the company has the alternative of yielding to the union by lifting the lockout or resorting to riot police to settle the dispute.

The company is reportedly considering legal action to prevent the unionists from staging sit-ins at its occupied facilities. But it is also cautiously contemplating lifting the lockout, because calling in riot police would harm not only the sit-in unionists but also damage some 10 ships and 20 cranes they are now occupying.

The Labor Ministry hopes that the dispute will be resolved through dialogue. If this is deemed impossible, however, it will exercise its power to refer the dispute to emergency arbitration for settlement.

The lockout and the extreme union response may lead to police intervention in the dispute, which would mean clashes between riot troops and the unionists.

Sit-in Staged To Protest Lockout

SK2107012494 Seoul YONHAP in English 0109 GMT 21 Jul 94

[Text] Ulsan, South Kyongsang Province, July 21 (YONHAP)—More than 20 striking workers of Hyundai Heavy Industries Co. (HHI) early Thursday morning occupied a jib crane while hundreds of their colleagues were staging sit-ins at a Goliath crane and an LNG [liquified natural gas] carrier to protest a management lockout.

The hard-line unionists climbed the 50-meter jib crane at the no. 4 dock at their workplace around 2 AM and secured emergency foodstuffs.

The HHI union, meanwhile, had finished supplying foodstuffs to more than 500 unionists in the HHI yard by early Thursday morning. About 100 workers are staging a sit-in on an LNG carrier, more than 50 at the Goliath crane and over 170 unionists are camped out in the HHI yard.

Hyundai's Plans Bolster Steel Competition

SK2107024694 Seoul YONHAP in English 0214 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—Steel makers' fierce competition to boost capacity is poised to heat up with the Hyundai business group announcing plans to construct an integrated steel plant.

Hyundai announced plans Tuesday to build an integrated steel plant with an annual production capacity of 9.3 million tons.

However, at a seminar Wednesday the government announced that in the year 2001, the nation will be short of only 1.49 million tons of steel, foreseeing 48.43 million tons in demand against 46.94 million tons of supply.

Hyundai, insisting the government's forecast is far too conservative, asserted the steel shortage in 2001 will reach 10 million tons with supply and demand amounting to 42 million tons and 52 million tons, respectively.

Hyundai Pipe Co. President Yim Pyong-kyu visited the Ministry of Trade, Industry and Energy on Tuesday and explained the company's plan to build an integrated steel factory with an annual capacity of 9.3 million tons and a total investment of 7.7 trillion won.

In an apparent move to counter Hyundai, Pohang Iron and Steel Co. (POSCO) announced it would expand capacity by 5.8 million tons by 1999 to stabilize steel supply and demand.

Under the scheme, POSCO disclosed it will invest 15 trillion won by 1999 to expand its production capacity to 28.4 million tons per year.

If POSCO completes its capacity buildup program, it will emerge as the world's largest steel maker, a position currently held by Japan's Nippon Steel Corp.

At Wednesday's seminar, other steel companies announced their own programs to boost capacity while asserting the government's supply-demand forecast was not correct as it did not take into account their expansion plans.

Hanbo Steel and General Construction Co. disclosed it will construct a steel plant at Asan, South Chungchong Province, by the end of 1996 to produce 2 million tons of hot-rolled coils and 1.5 million tons of cold-rolled coils.

Dongkuk Steel Mill Co. said it is already making the equipment to hike its production capacity to 2.4 million tons by 1997.

Other steel companies such as Union Steel Mfg. Co. and Kangwon Industries Ltd. also announced plans to expand their production capacity in a few years.

Meanwhile, the ministry opposes Hyundai's plans to build an integrated steel plant, asserting that the steel demand increase rate is expected to decline to 3.7 percent annually by the year 2001, compared to an average 12.1 percent from 1980 to 1993.

Ministry Reports Drought Heading Northward

SK2107070194 Seoul YONHAP in English 0647 GMT 21 Jul 94

[Text] Seoul, July 21 (YONHAP)—The sweeping drought, unusual for this time of the year, has severely affected the southern part of the country and is heading northward, the Ministry of Agriculture, Forestry and Fisheries said Thursday.

The drought has affected 68,300 hectares of rice paddies, 6.1 percent of the country's total rice fields, and 36,226 hectares of patches, 4.7 percent, the ministry said.

Areas affected include Cheju and South and North Chungchong Provinces, while South Cholla and South Kyongsang Provinces have been hit so hard by the protracted drought that no surface water can be obtained from springs or wells.

The drought has killed 342,300 livestock and 8.9 million fish on fish farms across the country, according to the ministry.

Ministries Introduce Drought 'Emergency Measures'

SK2107003994 Seoul THE KOREA TIMES in English 21 Jul 94 p 3

[Text] The government has mobilized an aggregate of 540,000 people to help alleviate the drought in the southern provinces which is threatening to devastate this year's harvest.

The emergency measures were introduced yesterday to deal with the dry spell, which was in its 20th day yesterday so that sources of water can be identified and makeshift supply can be made available to farms.

The step by the Agricultural Forestry-Fisheries Ministry followed an earlier action by the Home Ministry to call up Civil Defense Corps to render their services.

Under the emergency plan, 270,000 water pumps and other irrigation equipment have been distributed to all drought-stricken areas, especially those in Kyongsang-namdo and Cholla-namdo.

Ministry officials said the portion of agricultural fields completely parched by the continuing heat wave reached 4.3 percent yesterday and is feared to hit 30 percent next week.

Many farmers affected by the shortage of water have been resorting to channeling water from nearby streams but the sources have also dried up, leaving them with no short term alternative save for rain.

Burma

Foreign Minister Leaves for ASEAN Meeting

BK2007145294 Rangoon Radio Burma in Burmese 1330 GMT 20 Jul 94

[Text] U Ohn Gyaw, minister of foreign affairs, left Yangon [Rangoon] by air this afternoon to attend, as guest of the Thai Government, the 27th ASEAN foreign ministers' meeting to be held in Bangkok on 22-23 July at the invitation of Mr. Prasong Sunsiri, ASEAN standing committee chairman and Thai foreign minister.

He was seen off at Yangon airport by Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council; Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Brigadier General Win Tin, minister of finance and revenue; U Nyunt Swe, deputy minister of foreign affairs; Mr. Wirasak Futrakun, ambassador of Thailand; responsible personnel from the foreign ministry; and relatives.

Minister, Delegation Leave for PRC Study Tour

BK2007145494 Rangoon Radio Burma in Burmese 1330 GMT 20 Jul 94

[Text] A Myanmar [Burmese] delegation led by Brigadier General Maung Maung, minister of livestock breeding and fisheries, left Yangon [Rangoon] for China by China Airlines at 1345 this afternoon to study and hold talks on livestock breeding and fishery matters, at the invitation of Mr. Liu Jiang, agriculture minister of the People's Republic of China.

The delegation will study livestock breeding; fresh water and salt water prawn and fish breeding; the preparation, manufacture, and quality control of fishery products; factories, workshops, cold storage, other storage facilities, and livestock breeding stations.

Minister, Delegation Return From Indonesia

BK1907144994 Rangoon Radio Burma in Burmese 1330 GMT 19 Jul 94

[Text] A Myanmar [Burmese] culture and education delegation led by Lieutenant General Aung Ye Kyaw, member of the State Law and Order Restoration Council and minister of culture,—which includes U Pan Aung, deputy delegation leader and minister of education, and 10 members—arrived by air at Yangon [Rangoon] airport at 1510 after visiting Indonesia at the invitation of the Indonesian minister of education and culture.

The delegation was welcomed at Yangon airport by Brigadier General Lun Maung and Colonel Pe Thein, ministers of the prime minister's office; U Soe Nyunt, deputy minister of culture; Col. Kyi Maung, deputy minister of education; Mr. Mohamed Sanusi, ambassador of Indonesia; responsible personnel from the Culture Ministry and the Education Ministry; and relatives.

Prime Minister Urges Democratic Struggle

BK2007125294 Oslo Democratic Voice of Burma in Burmese 0030 GMT 20 Jul 94

[Statement issued by Dr. Sein Win, prime minister of the National Coalition Government of the Union of Burma [NCGUB], marking the fifth anniversary of the house arrest of Daw Aung San Suu Kyi; place and date not given—recorded]

[Text] Dear esteemed people: Today, 20 July, marks the fifth anniversary of the house arrest of Nobel Laureate Daw Aung San Suu Kyi. The lawless act by the military regime, which broke its own laws by detaining [Daw Aung San Suu Kyi] for more than five years, has practically shown that the rules of law do not exist in the Burmese language and the country has turned to anarchy. Problems will not be solved by the house arrest of Daw Aung San Suu Kyi and the widespread suppression and torture of people. It will only become bigger. These problems cannot be solved by the ruling State Law and Order Restoration Council [SLORC] either.

Today, Burma has been economically exploited by neighboring countries and this might lead to the loss of national sovereignty without even realizing it. Moreover, the threat of disintegration of the union really exists. That is why SLORC should release Daw Aung San Suu Kyi, hold talks as soon as possible with democratic forces led by Daw Aung San Suu Kyi, and with forces of the national races, stop the ongoing National Convention while it can, and try to find real answers. I would like to warn that Senior General Than Shwe, Lieutenant General Khin Nyunt, and their cohorts will all be fully responsible for all future consequences if these opportunities are missed.

Dear esteemed people, we all know and understand the Burmese people's ocean of sufferings under 32 years of military rule. We, together with the [Burmese] people, will continue to strive for the development of democracy and an end to military dictatorship in Burma. May I urge all to continue the struggle for democracy saluting Daw Aung San Suu Kyi and our selfless leaders of the democratic struggle.

May esteemed people enjoy health and happiness.

Cambodia

Sihanouk Urges Release of Foreign Hostages

BK2007153194 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 20 Jul 94

[Text] On 19 July, His Majesty Norodom Sihanouk Varaman, king of the Kingdom of Cambodia [KOC], issued a message to his compatriots who kidnapped three foreigners—two Australians and a British [as heard]—from an area near Phum Ta Ni in Kampot Province on 11 April. The message reads:

Compatriots: I, your king father, grandfather, and great-grandfather who is now receiving medical treatment at the General Hospital in Beijing, China, have just read a foreign newspaper dated 17 July and learned that the three hostages mentioned above have not yet been released. I, therefore, issue this message to call on children, grand children, and great-grandchildren who are confining the three hostages near Phum Ta Ni or any other place in Kampot or any other provinces in our KOC to please think about the honor and prestige of our nation, race, and motherland and the sin you are making. Please have mercy for the parents, families, and relatives of these three unfortunate persons and release them so they can return to their families.

The families of these three unfortunate persons have allowed their children, who are still young, to come to our country just to earn their living legally. They have done nothing to affect our national policy. Therefore, they must not be victimized by such a kidnapping.

With love, hope, and profound thanks, I would like once again to plead with the children, grand children, great-grandchildren, and compatriots who are the kidnappers of the above hostages and [words indistinct] this message to please immediately release these three foreigners.

Khieu Samphan Views Provisional Government

BK2107104294 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Jul 94

[Interview with Khieu Samphan, prime minister of the Provisional Government of National Union and National Salvation, by an unidentified station correspondent on 20 July; place not given—recorded]

[Text] [Correspondent] Greetings, Your Excellency Mr. Chairman. People in all circles are very pleased with the establishment of the Provisional Government of National Union and National Salvation [PGNUNS]. We would like you to comment on the reasons for setting up this government. Please go ahead.

[Khieu Samphan] As you know, and as our nation and people know, the national and social situation is very serious. The war begun by the communist Vietnamese aggressors in 1978 continues to this day; it has yet to end. Since 1992, the bad Western allies and UNTAC [UN Transitional Authority in Cambodia] have also taken part. They have collaborated with Vietnam; they have maintained Vietnamese forces and the Vietnamese puppet regime. They are continuing the war, which is inflicting all kinds of destruction. On top of this, 4 million Vietnamese have flowed in, causing national, social, and economic problems and affecting our national traditions. People have lost their land and their jobs. This has affected us seriously.

Everyone says this. Local and foreign newspapers have discussed it. The king has also spoken about it—he has said repeatedly that the situation is very serious. He says there really has to be national reconciliation. The other group, however, only wants to prevent national reconciliation. Communist Vietnam, its puppets, and the bad Western allies have repeatedly opposed national reconciliation. They oppose the king's statement, what the people say, statements by personalities, and newspaper reports [words indistinct]. On 2 July they staged a coup and adopted a fascist bill to outlaw Democratic Kampuchea and prevent any contact with Democratic Kampuchea. They completely cut off everything. This is actually a fascist and martial law intended to discard those who seek national reconciliation. They have shut the door completely. They have closed the door on the king.

Given this situation, our nation and people will not remain idle and wait to die. Our nation and people have risen up to fight. Personalities within the two-headed group have raised their voices against this fascist law. This law only kills Democratic Kampuchea on paper. In fact, it kills those who do not belong to this group. This law means that guns will decide everything.

Facing such a serious situation, our nation and people want a new light to lead them out of this complete darkness; this hell. We want something to save the nation. Everyone is on a sinking ship. We need a raft or a boat for everyone to cling to, ride, and help them get to shore.

All of this led to the establishment of the PGNUNS, which represents what the nation and people are waiting for. It is what they want—a light, a path, and a boat or raft to lead them away from death. It will lead our nation and people to the shores of life.

[Correspondent] Please tell our nation and people about the organization of the PGNUNS. What is its basis? What are the factors? What is the proof of its legitimacy? Past experience shows that governments have simply been announced and set up; an example is the puppet government set up at gunpoint by Vietnam in 1979 to use as a cover for its aggression. Vietnam, UNTAC, and their allies set up the two-headed government at gunpoint. What do you have as evidence of your government's legitimacy?

[Khieu Samphan] In answer to your question, I ask this: What is the two-headed government? Is it a government that is accepted by the nation and people? What is the proof? Does it have people in rural areas? Does it have people in the cities? Does it have an economy? Is it not just an empty shell that barely survives because of communist Vietnamese guns and a trickle of money from the allies?

As for the PGNUNS, what does it have? It has a political base. Another factor is its genuine strength among the nation and people. Take a look—the forces of Democratic Kampuchea and of the PGNUNS are everywhere; in every province, district, commune and village. There are people everywhere who oppose the communist Vietnamese war. War kills and destroys. The peasants oppose war; they need a boat to save them. The rural areas have nearly 7 million people. The peasants support Democratic Kampuchea. They support the PGNUNS. They provide political support and carry out activities against the communist Vietnamese. The peasants do not let their children serve as soldiers or their husbands serve as militiamen. They hide paddy and rice to prevent the enemy from taking it. The peasants are doing everything to join in the struggle against the Vietnamese aggressors. This is in rural areas.

It is the same for people in Phnom Penh and the provinces. Pupils, students, teachers, civil servants, laborers, and traders all oppose corruption and fascism. They oppose the war and the opening of the country that lets Vietnamese flow in. They oppose the two-headed government—those traitors who have sold the nation to communist Vietnam and other foreigners and only think about waging war to kill the nation and people. They want a proper government to save them. Therefore, the PGNUNS has a political base in Phnom Penh. Even the two-headed government's troops are sick of war. They do not want Hun Sen and Ranariddh to lead them to fight and die. Thus, the PGNUNS even has political influence in the two-headed government's own army.

[Khieu Samphan continues] Past experiences in the history of our country and the world show that the people are the major factor. The people I am referring to are those in rural areas and the cities. Their sentiments have not just been expressed over the past few days; they have been tested for 14-15 years in the war against the Vietnamese aggressors.

Apart from the people factor, we have liberated zones, semi-liberated zones, nighttime liberated zones, and zones in which we constantly carry out guerrilla activities. Therefore, Democratic Kampuchea is everywhere. The PGNUNS is everywhere. We have territory in every province and district, not just in western Cambodia. To be specific, we are present on 80-90 percent of Cambodian territory. The communist Vietnamese, along with their allies and servants, remain only along strategic roads and in major cities.

Thus, they do not have an economic base. Everyone knows that Cambodia's economy is based on agriculture, and 100 percent of its agriculture is in rural areas. All of the products are there; paddy, corn, beans, fish, timber, and rubber are all in rural areas. Transport routes also go through rural areas. Because of this, the PGNUNS has a clear advantage over the other side. Even the economic activity they do have in rural areas is in the hands of the Vietnamese. Those who are supposedly in control in Phnom Penh survive only through smuggling and small coins given by others. Even then these people keep stealing; they steal everything. They do not talk about building anything; the roads in Phnom Penh (?are like pot holes). Thus it can be seen that the PGNUNS has territory in rural areas and the people are assisting it there as well as in Phnom Penh. It has a real economic base. It was not just created through an announcement, like the communist Vietnamese and UNTAC did.

Furthermore, we have a national army that has been fighting the communist Vietnamese aggressors for 15 years. It is an army born from the people. It has roots among the people and relies on the people in waging guerrilla warfare to liberate the nation through a people's war. Do not look to the PGNUNS army to see stars, uniforms, and officers showing off their manners. The National Army of Democratic Kampuchea is like black ants; no matter how venomous a centipede is, black ants can attack it, bite it, pull it in different directions, and drag it until it dies.

[Correspondent] Thank you. What has the reaction been from the international community and other countries in the region?

[Khieu Samphan] To answer the question, I would like to ask this about the countries in the world and in this region, particularly those in this region: What do they want? Do they want peace or war? Do they want a fractured Cambodia or a reconciled Cambodia? The answer to this question is that countries and people around the world—particularly in this region—want peace so that the region can enjoy stability. They do not want war, because this greatly affects their interests. This is why they oppose Vietnam's war of aggression in Cambodia and the continuation of the war. Furthermore, they need to do business with Cambodia; they need guarantees. At the moment there are no guarantees—the war has not ended; there is insecurity, robbery, [words indistinct], corruption, disorder, and total anarchy. Therefore, the countries in this region are on the side of peace and national reconciliation. They want Cambodia to be stable so they can do business. Therefore, they will be on the side of those who work for national reconciliation and peace and who represent their interests. I speak only from a political viewpoint, not a diplomatic one.

[Correspondent] Thank you. One more question, Your Excellency. What plan does the PGNUNS have to achieve its political goals; to achieve national reconciliation, peace, and national union and solve the issues of Vietnam's war of aggression and the 4 million-plus Vietnamese?

[Khieu Samphan] There are different ways to go about achieving the government's goal of achieving national reconciliation and national union, ending the war, and solving the issue of the 4 million Vietnamese flowing into Cambodia.

Some people think only about troops, weapons, and foreign aid. The experiences of our country and people—who are small and poor—show that we have to solve our problems by realistic means. We need the entire national force to solve our problems in unanimity. This is what the PGNUNS is working for. We have made efforts in the past, present, and future. We are striving to create additional forces for the nation and people and make them more powerful in order to solve our problems.

Let us ask this question: Which Cambodians oppose national reconciliation, an end to the war, and a solution to the issue of the 4 million Vietnamese? This is the key to our strength; this is the unanimous force of our entire nation and people. This force is increasingly carrying out activities everywhere; in rural areas, in Phnom Penh, and abroad. It is the goal of the PGNUNS to rely on the network of the nation and people to work together to solve Vietnam's war of aggression and demographic war.

Based on successive historical experiences, I very much believe in the force of our nation and people in rural areas, in Phnom Penh, and abroad. Our nation and people want peace, national reconciliation, and national union. They are aware of the disaster leading to the nation's disappearance that will result from the Vietnamese war of aggression and demographic war. The aggressors and traitors do not have the force of the nation and people. They have nothing at all. They face the opposition of the nation and people, who will constantly and tenaciously fight against them until national reconciliation, national union, and genuine peace and independence are achieved.

[Correspondent] Thank you. Our nation and people now understand the position of Your Excellency and Democratic Kampuchea concerning the role of the king. You have always shown respect for the king and are on his side for the aim of achieving national reconciliation, national union, and genuine peace in Cambodia. Please comment on this in your capacity as PGNUNS prime minister.

[Khieu Samphan] Our nation and people know that I, Democratic Kampuchea, and our nation and people have suffered immensely because of Vietnam's war of aggression. We had the Paris agreement, but there was opposition to it. We have a constitution and a king, but there is still opposition. The king has said that our country's situation is very bleak. He has said this repeatedly. He has said that national reconciliation means the nation's survival and that war means the nation's death. National reconciliation is the only magic medicine.

I want to assist the king, as do Democratic Kampuchea and our nation and people. The king's health is not good, however. Another thing is that when the king says something, there is opposition. These people oppose the roundtable talks. The things they have done—like adopting a bill outlawing Democratic Kampuchea—show that they oppose the king. They do not want the king to say or do anything to save or reconcile the nation. I still respect the king, however, and I still want him to have a specific political role in our nation because he is an important factor for national reconciliation and national union. The only way to muster sufficient national forces to solve national and social problems is through national reconciliation and national union. My government and I continue to maintain this stance and will always adhere to it.

[Correspondent] Thank you. Before saying goodbye, please say a few words about whether or not the war will end.

[Khieu Samphan] First I would like to specify that the PGNUNS is a provisional government. It is provisional because there are stages leading to a definitive national government that includes forces from the entire nation and from all political factions—a genuine national government that reconciles and unites the nation. All along, we have been fighting not for personal gain or for group benefit but to safeguard the nation and people. For us, this is very clear.

Furthermore, the entire nation and people are aware of how serious the situation is with our nation and society. Everyone talks about this. The king has talked about it repeatedly. The opposition, however, uses brute force and guns to shut every door tightly. Now we have the PGNUNS, which has a clear political program and specific responsible members who are known to our nation and people. It is not trivial. It does not concern only the interests of individuals or families. It is also not corrupt. We are working hard to avoid losing the nation and people; without the nation and people, there is nowhere for us to live. Like our nation and people, we do not want to be deprived of a homeland. We want to have a country. Cambodia is thousands of years old; it was not born yesterday.

Since this government was established, many letters have been sent to us from rural areas, Phnom Penh, and from our Cambodian compatriots in Europe and North America welcoming the government. The writers declare that they will cooperate with this government to carry out all kinds of activities. They say that one boat is sinking—the one that belongs to Vietnam, foreigners, and the traitors who sell off the country and are very corrupt. Now, clearly, there is a boat that belongs to the nation and people. They have placed their hope in this new boat and the PGNUNS.

On behalf of the PGNUNS, I would like to thank all compatriots inside and outside of the country for their attention and sympathy toward my government. I would like to specify that our entire nation and people want peace, national reconciliation, an end to the war, and a solution to the problem of the 4 million Vietnamese. I would like to stress that all of us in the government will strive to work and implement the political program laid out in the statement establishing the government, and will cooperate with compatriots inside and outside of the country to increase our forces to carry out all kinds of activities in order to achieve this political goal.

[Correspondent] Thank you, Your Excellency. You have discussed many issues reasonably and in detail for the information of our compatriots.

Radio Cites Aid for Royal Government

BK2107094294 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 20 Jul 94

[Station commentary: "A Dog Barking at the Wagon Which Keeps Moving On"]

[Text] Lately, through their clandestine radio and backed up by some propaganda networks, the Khmer Rouge [KR] seem to be saying that their bandit government has the so-called support of the people and the international community. They have used despicable bandit tricks in launching fallacious propaganda, saying that the Royal Government is in difficulties and that they will, sooner or later, be able to topple it.

Our people throughout the country pay no attention to such an absurd claim. This is because, according to the official report of the inter-ministerial commission for studying the economic situation and arranging the work targets for the second half of the year, in the first half of the year, the government received successive aid from the international community in keeping with the implementation of the aid pact announced at the two meetings of ICORC [International Committee on the Reconstruction of Cambodia].

At the same time, the loan given by the Asian Development Bank [ADB] is being implemented according to the program planned for each ministry.

The report noted that Japan is the leading aid supplier to Cambodia. This is proved by the utilization of its US$75 million for building the Chruoy Changva Bridge, the installation of a five-megawatt power generator at the 5th electric plant, the renovation of Highway 6-A, and some other Japanese assistance in giving training in the agricultural and health fields.

France has also given material aid worth 6 million francs [words indistinct] and 2,300 metric tons of food aid. Moreover, France has signed an agreement to continue giving aid worth 10 million francs for developing electricity and has set aside a development fund worth 5 million francs for use in research work in various fields.

The report continued: Austria is to provide $11 million as aid without strings for repairing the Kirirom hydroelectric plant. Sweden will also provide an interest-free loan of US$11 million for installing the power pipeline from the Kirirom plant to Phnom Penh. All these assignments are being carried out.

Germany has also agreed to provide financial aid worth 15 million German marks, to give technical cooperation worth 8 million German marks, and to abrogate its old loans to Cambodia prior to 1975, which are worth 10 million German marks. The total sum of the German aid is worth about US$19 million.

The United States has also promised to provide aid of US$6 million for demining work, which will last for two years. China has also given an interest-free loan of US$8.6 million for developing agriculture and medium-size health care units.

In addition to the aid that the Royal Government received in the first half of this year, the ADB loan of US$67.7 million is being used in the restoration of four priority fields, namely, transportation, energy, agriculture, and education.

The same source revealed that in addition to the aid being implemented in line with the ICORC, the Royal Government has also obtained humanitarian aid from 98 international and Nongovernment Organizations—NGO's—in the form of commodities, construction materials, electric appliances, (?means of) transportation, office supplies, medicine, and agricultural tools—a total weight of 31,532 tons.

All this clearly reflect the fact that—whether in the past, present, or future—the international community recognizes, supports, and assists only the Royal Government. As for the Khmer Rouge Government, no one give any attention to it.

Therefore, such a clamor by the Khmer Rouge is just like a dog barking at a wagon which keeps on moving forward.

Indonesia

Alatas Remarks Regarding East Timor Protests

BK2007125094 Singapore THE STRAITS TIMES in English 20 Jul 94 p 16

[By Simon Sinaga in Jakarta]

[Excerpt] Indonesia yesterday rejected criticism by the United States over its handling of an East Timor demonstration and allegations that it fanned religious tension in the predominantly Catholic region.

The US had expressed concern over Indonesia's handling of an incident last week when security forces broke up a student-led march to protest against religious clashes in the former Portuguese colony.

That followed a street demonstration late last month after two soldiers allegedly committed a sacrilegious act.

Foreign Minister Ali Alatas told a news conference yesterday that security officials in East Timor had handled the demonstration and protests "appropriately".

"All the facts show that there was restraint, an appropriate response by the police that tried to manage the demonstration. No one was seriously hurt because all the time riot gear is used. No shooting, no nothing," he said.

He said the students' protest had become a big affair simply because it happened in East Timor, which Indonesia annexed in 1976.

"It is very unfortunate, but I am sorry to say that it has again been blown out of proportion."

Mr Alatas also pointed out that the military would court-martial the two soldiers involved.

"There are always some irresponsible people, stupid people doing stupid things. But it does not deflect from the general proposition that on the whole the situation in East Timor is improving, he said.

The minister yesterday also refuted allegations of religious persecution made by East Timor's Roman Catholic Bishop, Carlos Ximenez Belo, saying that Catholicism had in fact flourished since 1976. [passage omitted]

Deterioration in East Timor Situation Reported

LD2007140294 Bern Swiss Radio International in English 1100 GMT 20 Jul 94

[Text] This week Indonesia offered to hold talks with guerrillas opposed to its rule over East Timor. The offer comes amid a series of violent incidents and growing religious tension in the former Portuguese colony. The spokesman for the East Timor resistance in exile, Jose Ramos Horta told our Asia correspondent Richard Wehrli about what the situation is like there now.

[Begin recording] [Horta] The situation is very serious in East Timor, in the last few weeks there has been an aggravation, a deterioration of the human rights situation there. The Indonesian army has launched a major crackdown against the civilian population, against the church. There was a major incident a few days ago and it was obvious that those incidents in Dili were provoked by the Indonesian military in order to transform the conflict in East Timor from a political conflict involving the people of East Timor and Indonesia, into a religious conflict.

[Wehrli] Why do you think they are trying to transform that into a religious conflict?

[Horta] It is an obvious and deliberate attempt, A, to mobilize the Indonesian society which is largely Muslim, in to sympathize with the government position because they know that the question of East Timor is becoming also more and more well-known in Indonesia and there are voices that are raising against the army's behavior in East Timor, but at the same time they are trying to win international sympathy from within the Islamic Conference to show that the conflict of East Timor is a religious one, that is a sort of, Indonesia is waging a (sort of) jihad against the Catholics and Christians of East Timor.

[Wehrli] There were negotiations last May in Geneva, there will be a new round of negotiation next January—do you think that these negotiations could achieve a result and what is your position regarding the relation between Timor and Indonesia?

[Horta] There is no doubt that Indonesia if it is serious about finding a solution to the problem of East Timor that it has to negotiate not only with Portugal but with the resistance itself. We have indicated to the Indonesian foreign minister through the United Nations that we are ready to enter into a process of dialogue without preconditions with the Indonesian authorities but in the framework of the United Nations mandate, to explore all possible ideas to bring about a solution to the problem.

[Wehrli] Your goal is to obtain autonomy or independence.

[Horta] Autonomy, yes, could be a transition measure. We are seeking genuine self determination through which the people of East Timor could decide through elections or a referendum what they want for the future for, as a final status of the territory, but in order to help Indonesia save face, in order to help Indonesia disengage itself gracefully, with honor, with dignity, without the semblance of having been defeated from East Timor, we are prepared to accept a transition measure which would involve a five to 10 year autonomy period guaranteed by the international community, guaranteed by the UN. However, such autonomy must be preceded by a complete demilitarization of the territory. Indonesian troops must quit the territory because they are the source of the problem.

[Wehrli] Despite these obstacles are you optimistic regarding a solution for East Timor and (the) possible independence?

[Horta] Yes, East Timor will be independent, will be free, will be sovereign before the end of this century, before the end of this decade. [end recording]

Annual Worries Over Foreign Debts Noted

BK2007153494 Jakarta MERDEKA in Indonesian 9 Jul 94 p 6

[Editorial: "The Annual Dilemma of Foreign Debts"]

[Text] The recent $5.2 billion loan granted by the CGI's (Consultative Group on Indonesia) for the 1994/95 fiscal year was in accordance with the estimates and recommendation provided by the World Bank. Certain experts on foreign loans considered the amount insufficient to support the country's development; some economic observers were of the opinion that at least a $5.4 billion loan should be given in order to realize the development of infrastructure and support the presidential program for poor villages because of the yen appreciation against the U.S. currency.

The issue of the loan amount emerged because there was a difference of about U.S. $0.4 billion. This poses the first problem. There is a second problem, which is, if the European donor countries have begun to show signs of what is termed aid fatigue [preceding two words in English] and signs of reluctance to provide loans to developing countries, then which G-7 [Group of 7] member country will be willing to grant Indonesia a loan? It appears that Salih Afiff, coordinating minister for finance and development supervision, has an answer. He said, "It is hoped that in addition to the $5.1 billion loan given to Indonesia, Japan will provide a $1.65 billion loan or an increase of $250 million over last year's amount. This means Japan's loan would increase by only $250 million."

Another crucial question can then be asked: Is it true that the CGI's loan to Indonesia is considered sufficiently credible to support the backward villages eradication program, cover excess debt repayments due to the yen appreciation, and fund the development of human resources, the development of districts and infrastructure, poverty eradication, education, health and environmental conservation programs?" We need to put forward this crucial question because after some consideration, we must make some provisions for the repayment of our foreign debts with accumulated interest while the implementation of several development programs remains questionable—even if we utilize the loans acquired during this year. We need not venture far to look for an answer to this question. It is reasonable if we consider the assumptions given by Prof. Dr. Ir. [academic title] Mohammad Sadli, a Berkeley-trained technocrat.

With the conclusion of the Cold War, the developed nations reduced their financial assistance to developing countries. They only provide assistance to developing nations with serious problems. They only give priority to countries in East Europe, Russia, and deserving African nations. They think that countries in the Asia-Pacific region currently are independent because of their successful and good economic growth rate. That was the reason the loan given to us was close to $5 billion. According to Sadli, Indonesia will only have about $0.7 billion from the $5.2 billion loan after deducting repayments with interest, which accrues to $4.5 billion annually. Sadli's opinion was to "increase the export of nonoil products" so that funds can be accumulated before the debt-service payments [three preceding words in English] increase.

We agree with Sadli that Indonesia's foreign debt problems will definitely be heavier. It is true that the government's foreign debts had not reached an alarming level yet because its debts only stood at around 45 percent out of a total of $90 billion in 1993 while the private sector is responsible for the remaining amount. We also acknowledge that the government suffered an economic setback as a result of subsidizing the private sector during the PJPT I [First 25-Year Long-Term Development Program]. Should such a situation be allowed to perpetuate, then we will constantly be trapped in a rut. This is called financial insolvency [two preceding words in English] and we will not be able to lessen our dependence on foreign debts. We also will be forced to seek more loans and this action is comparable to "robbing Peter to pay Paul." The problem can only be solved through the government's introduction of deregulation packages and providing more incentives only to the investment sector. On the other hand, should the government fail to guard its other national interest, such as not providing protection to public interests where people earn their livelihood, then we will be confronted with more problems.

Another drawback is the existence of the "circulation of domestic capital funds" or what is known as a negative transfer [two preceding words in English]. If the amount was accumulated over the past seven years, it would have totalled to at least 34.5 trillion rupiah or an equivalent of $7 billion. Didik J. Rachbini, the deputy director of the Institute of Research, Education, and Socioeconomic Information, stated that this situation is strongly connected to the increasing rate of Indonesia's foreign debts. He contends that the way to cope with financial insolvency [two preceding words in English], which poses a threat to Indonesia's economy, is by restructuring not only the private sector's debts but also the government's bureaucratic system, by adopting more transparent policies, and by removing financial leakages through the establishment of a clean and trustworthy government.

Laos

Mission Cannot Verify MIA 'Sightings'

BK2107085894 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 21 Jul 94

[Text] In response to a U.S. request and implementing the Lao Government's humanitarian policy toward the families of American victims of the war, from 12 to 17 July a U.S. technical team, accompanied by its Lao counterparts, carried out a mission to look for information on the suspected sightings of live Americans in Phou Vong and (?Sanamsai) districts in Attopeu province and in Sekong province.

After completing the joint information gathering mission, the two sides found no trace nor information which might lead to the sighting of any live Americans in the two provinces. The U.S. side had earlier proposed to the Lao Government that a rumor of a sighting should be jointly verified. Therefore, it is clear that the various rumors pointed out by the U.S. side for later confirmation are only fabricated stories made up by certain bad elements who are bent on becoming rich at the expense of the grief- stricken families of the U.S. MIA's and on creating confusion aimed at undermining a good atmosphere conducive to promoting cooperation and relations between the two countries. Nonetheless, such fabricated stories are always refuted, as they have been frequently in the past.

Cooperation Memorandum Signed With Philippines

BK2107101994 Vientiane KPL in English 0000 GMT 21 Jul 94

[Text] Yesterday, His Excellency [H.E.] Somsavat Lengsavat, foreign affairs minister of our country, and Roberto Romulo, foreign affairs minister of the Republic of the Philippines, signed a memorandum of understanding on trade and investment cooperation between Laos and the Philippines. The signing ceremony took place at the Vang Sadet guest house.

H.E. the foreign affairs minister of the Republic of the Philippines paid a friendship visit to Laos at the invitation of our foreign affairs minister.

The memorandum of understanding signed by the two sides yesterday spelled put various kinds of goods which will be traded between the two countries in 1994 and 1995 at a total cost of some U.S. $10 million, which evidently surpasses the mutual trade volume carried out by the two sides in recent years. The two sides also noted certain conditions in the memorandum which will become favorable to the mutual investment cooperation between Laos and the Philippines in the immediate future, especially (?certain comprehensive) business enterprises currently conducted by Philippine businessmen in Laos.

In addition, the two sides also agreed to facilitate mutual trade payments through the letter-of-credit system conducted through foreign bank branches. On the basis of the signed memorandum, certain business enterprises concerned will continue conducting trade transactions and investment in Laos [words indistinct].

H.E. Roberto Romulo left Vientiane for home on the afternoon of the same day after paying the two-day friendship visit to Laos. During the visit, in addition to paying courtesy calls on H.E. President Nouhak Phoumsavan and H.E. Prime Minister Khamtai Siphandon and holding talks with H.E. Foreign Affairs Minister Somsavat Lengsavat, the Phillipine delegation also visited a number of cultural sites in Vientiane.

Communications Minister Receives Cambodian Minister

BK2007131394 Vientiane KPL in English 0931 GMT 20 Jul 94

[Text] Vientiane, July 20 (KPL)—Cambodia is pleased to build a road from the Cambodian-Lao border to the Kampong Thom seaport (of Sihanoukville) so that Laos can use this port.

The visiting minister of public works and president of the National Mekong Committee of the Kingdom of Cambodia, Ing Kiet, said this to Minister of Communications, Transport, Post and Construction Bouathong Vonglokham during their meeting in Vientiane on July 16.

Ing Kiet's visit is in the capacity of the president of the National Mekong Committee.

The two ministers discussed the situation of road communications, particularly the improvement of Road 13 of Laos from Vientiane to the Cambodian border. Bouathong told Ing Kiet that Laos has already planned to complete building the road from Vientiane to the border of Cambodia by the year 2000. In reply, Ing Kiet said that his country is pleased to build a road from the common border to Kompong Thom sea port for Laos to use this port.

In addition, he offers Laos the use of river transportation facilities, especially during the rainy season, that goods transportation from Phnom Penh can reach the border of Laos. The Lao minister said that the Lao side has yet to send technicians to (?identify) it and informed his Cambodian counterpart about the situation on land, river and air transportation in Laos, including plans for upgrading the Wattai airport in Vientiane up to the international standard and airports in such other major towns as Luang Prabang, Savannakhet and Pakse.

Bouathong invited Ing Kiet to visit Laos in the coming dry season in order that the two ministries can discuss activities in their sector specifically.

Philippines

'Crucial Point' Reached in Peace Talks

BK2007133894 Manila MANILA STANDARD in English 18 Jul 94 p 2

[Text] The Ramos Government and the Moro National Liberation Front (MNLF) have reached the crucial point that could make or break their negotiations for a lasting peace in Southern Philippines.

Diplomatic sources said the joint support committees (JSCs), formed by the government and the MNLF, have begun tackling numerous sensitive issues involved in their peace talks.

Indonesia, the world's largest Muslim nation, is moderating the JSC sessions, in accordance with a mandate from the Organization of Islamic Conference (OIC) which has been mutually acceptable to the Ramos Government and the MNLF.

Rep. Eduardo Ermita (Lakas NUCD [Power of the Nation National Union of Christian Democrats]-Batangas), President Ramos' confidant who is concurrently member of the government's panel negotiating with the MNLF, has hinted that the JSCs, each composed of technical experts in various fields, face a tough job owing to the far-reaching implications of proposals before them.

On defense and regional security, for example, the MNLF wants an armed force for an autonomous Moro land. A similar demand by the Cordillera Autonomous Region (CAR) did not materialize because it was against the Constitution which authorizes only a single armed force for the entire Filipino nation.

Another MNLF proposal based also on the Tripoli (Libya) agreement it entered into with the martial law government of President Ferdinand E. Marcos calls for the creation of an autonomous region out of 13 provinces in the south including resource-rich Palawan.

But there is now an Autonomous Region for Muslim Mindanao (ARMM). A referendum was held in 13 provinces and 9 cities in 1989, but ARMM was embraced only by Lanao del Norte, Maguindanao, Sulu, and Tawi-Tawi.

The integration of a new autonomous region, if it is ever established, with ARMM, the structure of an expanded autonomous government and its relations with the central government in Manila are among the key questions confronting the negotiators at the technical level.

Ermita told the MANILA STANDARD that the joint support committees are in the process of collating the sensitive issues for presentation before the government and the MNLF negotiators when they hold the second round of their peace talks in Jakarta, capital of Indonesia.

At the second round of the Jakarta [as published], hopefully in the second or third week of August, Ermita said MNLF Chairman Nur Misuari will be present so that decisions on crucial issues can be made on the spot if necessary. Ambassador Manuel T. Yan, a retired chief of staff of the Armed Forces of the Philippines (AFP), heads the government's negotiating panel.

The OIC will hold its 22d ministerial meeting in Tunis, Tunisia in the last week of August, he said, adding that "Indonesia would probably like to report something concrete" on its efforts to help solve amicably the Muslim problem in Southern Philippines.

Ermita, a defense undersecretary before his election as congressman for the first district of Batangas, expressed confidence that the military-police operation against the Abu Sayyaf Muslim extremists will not ultimately engulf the MNLF.

He noted that the MNLF has not complained of any violation of the agreement on cessation of hostilities which it signed with the Ramos Government on 7 November 1993.

But more important, he added, there has been no active military operation initiated by either the government or the MNLF.

Pending a full peace agreement with the MNLF, Congressman Ermita said "the cessation of hostilities is one of our most important achievements in the south."

Handling of East Timor Meet Satisfies Jakarta

BK2107061294 Quezon City Radio Filipinas in English 0230 GMT 21 Jul 94

[Text] Indonesia has expressed satisfaction over the manner the Philippine Government handled the controversial Asia-Pacific Conference on East Timor held recently at UP [University of the Philippines]-Diliman. In a letter to President Ramos, Indonesian President Suharto said he fully understands the clarification regarding the holding of the conference. Indonesia protested against the conference, and the Philippines immediately sent a diplomatic mission to Jakarta to explain the position of the government.

Ramos Approves Development Projects

BK2107061594 Quezon City Radio Filipinas in English 0230 GMT 21 Jul 94

[Text] President Ramos approved two more development projects amounting to P4 billion [Philippine pesos]. The two projects are the P3.6 billion integrated family planning and maternal health program, and the P396 million cooperation project between the Philippines and Taiwan.

The family planning and maternal health program aims to improve the health of women and children by strengthening family planning services and child health intervention programs. The cooperation project between the Philippines and Taiwan is for the development of small and medium manufacturing enterprises in the Philippines.

Military To Focus on Nonmilitary Issues

BK2107110794 Manila BUSINESS WORLD in English 19 Jul 94 p 8

[Text] With an end to the insurgency foreseen, the military intelligence community has been ordered by the armed forces chief of staff to get involved in economic, political, and environmental intelligence networking.

Armed Forces of the Philippines [AFP] Chief of Staff Gen. Arturo Enrile said the military intelligence service should now focus its attention in apprehending economic saboteurs, particularly those who work against the environment.

Speaking before intelligence personnel at Camp Aguinaldo, Mr. Enrile said the AFP will enforce operations against illegal loggers, big-time smugglers, drug traffickers, and big syndicates that post a threat to the country's economic development.

The ISAF [expansion unknown] had been responsible for the arrests of top-ranking communist rebels as well as the neutralization of terrorist groups and kidnap gangs around the country.

Mr. Enrile said the military, through the ISAF, can help operations against organized crime syndicates by closely coordinating with the Philippine National Police. Mr. Enrile also cited the decline in the capability of existing threat groups in the country.

Brig. Gen Dominador Salac, ISAF chief, reported that military intelligence was able to help in the arrest of 600 rebels, criminals, and terrorists, and at least 200 secessionist guerrillas in one and a half years. The ISAF also assisted the Presidential Anti-Crime Commission in neutralizing 155 criminal elements and several kidnap syndicates like the Red Scorpion Group.

Mayor Declares 'All-Out War' on 'Cheaters'

BK2107073494 Quezon City MALAYA in English 16 Jul 94 p 2

[Text] [no dateline as published] Mayor Alfredo S. Lim vowed to wage an all-out war against "cheaters and crooks in the business world" after forging a covenant with Trade and Industry Secretary Rizalino S. Navarro that seeks to combat piracy, counterfeiting, and unfair competition in the metropolis.

The covenant was signed in support of Executive Order no. 60 which created an interagency committee to protect intellectual property rights. The executive order was signed by President Ramos on 26 February 1993.

Lim said he would mount relentless operations "to neutralize fake manufacturers in the city."

In a four-page document, Lim agreed to enforce the patent (RA [Republic Act] 165), trademark (RA 166), and copyright (PD [Presidential Decree] 49) laws as amended by PD 1988, and the videogram (PD 1987) law.

Manila teems with business centers especially in Divisoria and Binondo.

Other signatories to the covenant include: Justice Secretary Franklin Drilon, Presidential Legal Counsel Antonio Carpio, PNP [Philippine National Police] Chief Director Gen. Recaredo Sarmiento, Customs Commissioner Guillermo Parayno, Videogram Regulatory Board Chairman Javier D. Carbonell, Finance Secretary Roberto de Ocampo, and NBI [National Bureau of Investigation] Director Epimaco Velasco.

Lim, however, asked legitimate businessmen and the public to provide him with information on the existence and operations of illegal traders.

Thailand

More Reportage on U.S., Thai Visa Issue

U.S. Asked To Waive Immunity

BK2107073294 Bangkok THE NATION in English 21 Jul 94 p A4

[Text] The US Ambassador to Thailand, David Lambertson, and the Bangkok-based head of the United States Information Service, John M Reid, will be asked to waive diplomatic immunity and answer a defamation suit filed by deputy Chat Thai Party leader Watthana Atsawahem.

Criminal Court Deputy Chief Justice Aram Hutangkun has sent a letter dated July 19 to Permanent Secretary for Justice Kukiat Sunthonbura, requesting him to ask the US ambassador and USIS director if they would appear in court, Charuni Tanorataporn, director of the Legal Affairs Division, the Office of the Judicial Affairs, said yesterday.

He said the Justice Ministry would ask the Foreign Ministry to contact the two diplomats, because Thai-US relations could be affected.

"The two defendants need not receive a court summons and that would not be illegal because they have diplomatic immunity," Charuni said.

If that is the case, the plaintiff would have to produce evidence to implicate the defendants, she said.

On Tuesday the Criminal Court accepted a libel suit brought against Lambertson and Reid by Watthana.

The suit said that on July 1 they unlawfully released information, in Thai and English, damaging to his reputation.

The USIS early this month revealed that Watthana was denied an entry visa on suspicion of involvement in drug trafficking.

Watthana asked the court to punish the defendants and order them to publish apologies for seven consecutive days in seven daily newspapers.

Charuni observed that Watthana filed the suit to preserve the dignity of Thai politicians.

MP Urges Official Protest

BK2107085094 Bangkok BANGKOK POST in English 21 Jul 94 p 3

[Text] Chat Thai Party deputy leader Watthana Atsawahem asked Foreign Minister Prasong Sunsiri yesterday to lodge a protest with the US Embassy against the alleged violation of diplomatic etiquette by US Ambassador David Lambertson over the visa rejection controversy.

He also demanded that the ambassador apologise to him.

Mr Watthana stated in his letter to Sqn Ldr [Squadron Leader] Prasong that he believed the US Embassy's rejection of his application for a visa was a "personal affair" between him and the embassy.

He said the embassy had deliberately made this "exclusively personal affair" a public issue by making public an allegation that his visa application had been rejected because of suspicions he may be involved in the smuggling of prohibited substances.

The allegation is serious, unfounded and damaging to his reputation, he said, adding that the embassy's action was undiplomatic.

The Chat Thai deputy leader said he had asked the House Foreign Affairs Committee to invite Ambassador

Lambertson to testify before the press on July 1 and the committee on July 6, but the ambassador had claimed diplomatic immunity.

He said he still has not received any detailed information of his case from the ambassador as promised despite the fact information can be transferred from one corner of the world to the other within minutes.

"This shows the drug trafficking allegation against me is unfounded," said Mr Watthana.

He said all the basic information against him should be available at the US Embassy and the Drug Enforcement Administration office in Bangkok rather than in Washington.

He said former prime minister Anan Panyarachun was branded a communist in the past and unfairly stripped of his position as permanent secretary for foreign affairs. This had caused him a lot of pain.

"Look at me. Just imagine how more painful it is to be branded a drug trafficker rather than a communist," he said.

Reportage on Upcoming ASEAN Meetings

SRV, Laos Urged To Join

BK2107054294 Bangkok Radio Thailand Network in English 0000 GMT 21 Jul 94

[Text] The fifth meeting of the 27th ASEAN Standing Committee held in Bangkok during 18 to 20 July agreed to encourage both Vietnam and Laos to take part in ASEAN activities.

The meeting, chaired by Foreign Minister Prasong Sunsiri, was attended by the directors general of ASEAN-Brunei Darussalam, ASEAN-Indonesia, ASEAN-Malaysia, ASEAN-Philippines, ASEAN-Singapore, ASEAN-Thailand, and their respective delegations.

The meeting discussed the issues relating to accelerating ASEAN cooperation with Laos and Vietnam, the matter of which will have to be further considered by the ASEAN senior officials meeting and the ASEAN ministerial meeting this week.

Vietnam has in fact begun to participate in a few ASEAN committee meetings and projects.

The meeting considered the report of the secretary general on ASEAN dialogue partners' relations, emerging trends, and future directions, and agreed to use it as a reference for ASEAN in its discussion with its dialogue partners. It also touched on the proposed fifth ASEAN summit, which was still at the preliminary stage, and asked Thailand to subsequently come up with a suitable date for the meeting in consultation with member countries.

Ministerial Meeting Viewed

BK2107084794 Bangkok MATICHON in Thai 21 Jul 94 p 2

[Editorial: "Thailand and the ASEAN Meeting"]

[Text] Thailand is organizing a major international event by hosting the ASEAN Foreign Ministers Meeting from 18-27 July. As the host, Bangkok will be scrutinized by the media, particularly the foreign media, possibly because the foreign ministers of the 17 economic superpowers such as Japan and members of the European Union, in addition to ASEAN foreign ministers, will attend the relevant meetings.

From the ASEAN perspective, the foreign ministers meeting is an annual event among some 300 meetings member countries hold to discuss various types of cooperation to promote mutual economic, social, and other areas. Intentional or not, the meeting has gained more attention than others because of its international political implications.

For example, at the upcoming meeting, ASEAN countries will push for a nuclear-free zone in Southeast Asia. The nuclear-free zone concept was conceived about a decade ago but has not materialized due to certain operational constraints. An example of this is whether to allow naval vessels belonging to allied countries carrying nuclear weapons to transit ASEAN waters. The ASEAN wish to transform its region into a nuclear-free zone is probably just wishful thinking.

Another issue facing ASEAN is the acceptance of new members. Countries seeking to join it include Papua New Guinea, Vietnam, Laos, Cambodia, and Burma. The first four countries probably will not face much difficulty in joining ASEAN. As for Burma, where people have no political rights to choose their government, the dilemma for ASEAN is whether they can willingly accept Burma as a member and disregard what the international community thinks.

Thailand will not be hosting an ordinary conference. Domestically, its foreign minister is facing a no-confidence motion. Internationally, it will be scrutinized by human rights groups because of its invitation to the Burmese military government delegation to attend the ASEAN meeting as its guest and because it has banned the entry of activists fighting for human rights in Indonesia-annexed East Timor. Has the Thai Government thoroughly considered the pros and cons of its actions? The foreign minister probably deserves the no-confidence motion initiated by the opposition.

Comments on SLORC

BK2107085394 Bangkok BANGKOK POST in English 21 Jul 94 p 4

[Editorial: "Real Opportunity for an ASEAN Initiative"]

[Text] Thailand's proposal for a grouping of the so-called SEA-10, which would include all nations in our corner of the world, has received a lacklustre response from most ASEAN foreign ministers. One exception to date is Philippine Secretary for Foreign Affairs Roberto Romulo who declared yesterday that his country supported ideas along the lines of the SEA-10 grouping, which he said would contribute to an eventual 10-member ASEAN.

"As a vision, I continue to believe there should be one Southeast Asia family. The more we talk about it today, the better it is for all parties in Southeast Asia," Mr Romulo said.

How right he is, and what an incentive this would be for Burma to return to democracy and prove that it deserves membership in such a group of progressive countries. Only the Rangoon regime itself can demonstrate it belongs and the obvious forum is the ASEAN meeting where the Rangoon participants have an opportunity to vindicate the Chuan Government's faith in constructive engagement.

The decision to invite representatives of Burma's State Law and Order Restoration Council to sit in at the session of ASEAN members as a guest of host country Thailand has been criticised in many quarters, but now is irreversible. It now must be considered an opportunity instead of the lost cause many have labelled it. The presence of SLORC members at a summit attended by ASEAN leaders is a chance for all to test both the Rangoon junta and the policy of "constructive engagement." If this is a worthwhile scheme, then Burmese leaders should respond when they are engaged, constructively.

The Chuan Likphai Government claims its policy towards Burma is more realistic than sanctions and open criticism of SLORC repression of its citizens. The Government has placed our country in the world firing line because of wide scepticism that Rangoon's military regime will respond to any civilised suggestions to clean up its act. Mr Chuan, Foreign Minister Prasong Sunsiri and others have maintained that the best way to change the undemocratic SLORC is through trade, tourism and other actions. Many other governments and individuals disagree. They believe such actions are seen by SLORC as a right, or even a reward for their suppressive ways.

The Burmese military's power monopoly has proved insufficient to quiet overseas criticism of the poor human rights record. Neither has this power succeeded in promoting development of the country's near-destitute economy, or in attracting significant foreign investment. Widespread sympathy for SLORC's political opponents has increased, notably for the still-detained Nobel laureate Daw Aung San Suu Kyi, who became the focus of worldwide appeals yesterday on the fifth anniversary of her detention. The ruling junta recently staged a variety of "reforms," headed by a protracted exercise of constitution-writing designed to create the appearance of civilian rule while solidly entrenching military control .

The policy of constructive engagement will take the spotlight during the ASEAN meeting. There should be no chance that SLORC can mistake this policy. It aims at changing the recalcitrant Burmese junta's repression as much as that of the staunchest supporter of use of sanctions. The supporters of constructive engagement—first and foremost our own leaders—must directly inform SLORC delegates the policy aims at emphasising the advantages of moving towards democracy and freedom for all Burmese. Diplomats must make clear to junta members that constructive engagement is no reward for SLORC. On the contrary, by treating Rangoon in the same way that it treats other governments, its supporters clearly imply they expect Rangoon to behave like other governments.

Burma's current regime first came to power in 1962. It took direct control in a second bloody confrontation in 1988. SLORC paid lip service to democratic values by staging parliamentary elections in 1990. But when the elections resulted in a landslide victory for the opposition, the junta simply ignored the results. Hundreds of opposition leaders, writers and intellectuals, including over 60 MPs-elect, were imprisoned. The leader of the victorious National League for Democracy opposition party, the charismatic and widely beloved Mrs Suu Kyi, was condemned to virtually total isolation under house arrest.

A new constitution may set this repression into law. It requires that candidates for president must have a military background, can not be married to foreigners or be second-generation foreigners, and must have lived in Burma without interruption for at least 20 years. These stipulations are clearly custom-designed to exclude the Oxford-educated Suu Kyi, the wife of a British academic. In SLORC's view, these are "political reforms." Few others are this charitable.

In the six years since Burma military seized full power in bloody repression, neither sanctions no constructive engagement has succeeded in winning freedom for the Burmese. At the ASEAN ministers' meeting, the latter policy will be at centre stage.

If SLORC now takes concrete steps towards liberal and meaningful political reform, proponent of constructive engagement should claim some credit. Indeed in such a case, Burma can truly demonstrate it deserves a place at the diplomatic table with other Southeast Asian Nations.

Human Rights Issues, Activities Reported

Group Meets Prasong on East Timor

BK2007150294 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 20 Jul 94

[Text] Representatives of human rights organizations met Foreign Minister Squadron Leader Prasong Sunsiri to explain to him about a seminar of the nongovernmental organizations on human rights in Southeast Asia, which kicked off today at a residence of an organization member. Somchai Homla-o, a legal adviser of the Association for People's Rights and Freedom, noted that there was a misunderstanding on the part of foreign minister, who had said foreign nongovernmental organizations must apply 30 days in advance if they want to hold a seminar here. He said that the current seminar is being held by the Thai nongovernmental organization, and the group is therefore holding the seminar as scheduled. It only had to change the venue of the meeting, and there was no representative from East Timor attending the meeting.

[Begin recording] [Unidentified reporter] Will there be any discussion about Timor?

[Somchai] We had put Timor on agenda in the first place, but we planned an informal discussion on this matter. And that's what we had planned from the beginning, since we would have no officials from Timor attending the seminar. We did not extend an invitation to them. [End recording]

The nongovernmental human rights organization also proposed to the foreign minister that he raise the subject of the human rights situation in Burma for discussion at the ASEAN foreign ministers meeting, which is about to begin now.

Dailies Comment

BK2007143194

[Editorial Report] Bangkok SIAM RAT, NAEO NA, MATICHON, and KRUNGTHEP THURAKIT, in Thai on 20 July carry editorials commenting on the government's ban on foreign activists attending the seminar here planned by the Human Rights Organizations in Thailand.

The 600-word editorial in SIAM RAT, on page 5, entitled: "A Decision Worthy of Support," praises the Government and Foreign Ministry for disapproving the request by the human rights organizations to use Thailand as a venue to hold a seminar which will highlight human rights violations in the neighboring countries, Indonesia and Burma, at the same time as Thailand is hosting the ASEAN ministerial meeting. It says: "We think the government made a correct and reasonable decision in not supporting the seminar planned by the nongovernmental organizations as Thailand is hosting the ASEAN ministerial meeting also later this month. An issue to be discussed at the seminar is the problem of East Timor and Indonesia. This is an internal affair of Indonesia, which is a member of the ASEAN and which has long had good economic and social relations with Thailand. It would be regrettable if we risked allowing relations between the two countries to be affected by the seminar planned by the human rights organizations." The paper praises the government for its braveness in making its correct stance known. "It showed that the government is free to adopt a foreign policy without being dictated to by anybody, and that it placed national interests above everything else," the editorial concludes.

NAEO NA's 600-word editorial on page 2, entitled: "Attitude on Human Rights," also supports the government's stand on the holding of a seminar and the campaign against human rights abuses in Burma and Timor by the South-East Asian Network on Human Rights. It says: "The government has good reason to fear repercussions from such a plan. As the host country of the ASEAN ministerial meeting, the Thai Government is entitled to do its best to protect the honor of the host country as well as its guests." The editorial wants the government to refrain from using violence and to opt for talks in order to persuade the nongovernmental organizations to comply with its stand. The paper appeals to "the Thai group in the ASEAN human rights movement to be responsible and think about national interests." It points out that this is not the right time to hold such a seminar in Thailand as Thailand is playing host to the ASEAN meeting. "This is in spite of the fact that human rights violations truly exist in our neighboring countries, Burma and Indonesia," the paper says.

MATICHON's 800-word editorial, on page 2, entitled "Thailand and the Human Rights Issue," questions the government's consistency in the conduct of its foreign policy. "Was it because of pressure from the Indonesian Government, or was it just a reversal of the government's foreign policy?" the paper asks. It notes that the government in its first year of office allowed Nobel Peace laureates to use Thailand as a venue for campaigning against human rights violations in Burma. Such a change in attitude reflects that this government lacks principles and bows to pressure from the lobbying of foreign countries. "Within only two years, the Thai Government has demonstrated a lack of consistency in its policy on human rights. Such an attitude will only damage the country's credibility in the eyes of foreign countries, which will think Thailand's human rights policy bends according to the bargaining power of other countries."

KRUNGTHEP THURAKIT's 800-word editorial on page 2, entitled: "The Government Has Become Dictatorial," criticizes the Thai Government as being selfish and dictatorial. It is selfish because it only wants to play safe by not allowing human rights organizations to hold a seminar here. It is dictatorial because such a decision reflects a nondemocratic stand. Giving a background on the issue of East Timor, the editorial says: "There is no need for the Thai Government to be afraid of Indonesia, which is fully aware of its own inhuman acts. A human rights campaign in Thailand would serve to let the world know that human rights violations are committed not only in China or African countries, but also in a country like Indonesia, where the people strictly observe the rules of various religions." It is not plausible to think that the seminar will constitute an interference in Indonesia's internal affairs. The campaign can be carried out peacefully without creating misunderstanding and without violating the law of Thailand. On the other hand, this would be an indirect help for the people in East Timor, who are victims of brutality. The seminar would draw the attention of the high-level delegations of the countries attending the ASEAN meeting to the problem in East Timor, and alert them to the need to solve the problem."

Chuan on E. Timor Issue

BK2107075594 Bangkok THE NATION in English 21 Jul 94 p A8

[Text] Prime Minister Chuan Likphai charged yesterday that human rights activists wanted to keep Indonesian Foreign Minister Ali Alatas away from the Asean meeting by organizing their forum on East Timor in Bangkok at the same time.

Chuan said the East Timor issue "is none of our business."

The prime minister said it is a consensus among the Asean countries that they will not interfere in each other's internal affairs. "Since the UN is already there trying to solve the problem, we should not get involved," he said.

"I believe the non-governmental organizations intended to hold a meeting on the same day as that of the Asean ministerial meeting because they want to make Indonesian Foreign Minister Ali Alatas reluctant to attend the ministerial meeting," he said.

Thai authorities have tried to block foreign activists, especially East Timorese and Burmese, from attending the human rights forum which began yesterday at a guesthouse near Don Muang Airport.

Foreign Minister Prasong Sunsiri had earlier threatened to have foreigners attending the seminar arrested.

Indonesian Foreign Minister Alatas, on his arrival at Don Muang, defended Thailand's decision to block the human rights conference as the action of any friend or brother.

"Why has Asean brought us peace and progress? Because we in Asean have certain principles, we respect each other's sovereignty, we respect each other's territories," he said.

"Freedom of expression is a very important principle to which we should all subscribe," he said. "But as we understand it, freedom of expression is not a licence to smear another country."

He also dismissed the activists' claim to represent the people of East Timor.

"We are not going to listen to a small group of people claiming to be representatives of East Timor. The true representatives of East Timor are in East Timor not the 12 or 15 self-appointed people here," Alatas told reporters.

Deputy Prime Minister Banyat Banthatthan said the government, especially the Foreign Ministry, would do its best to protect relations between Thailand and Indonesia.

Sawit Phothiwihok, minister attached to PM's Office, said Thailand was a democratic country and did not usually prohibit any organizations from holding or expressing their views on any matter.

Parliament President Marut Bunnak said the House meeting may have to carefully think about whether to allow NGOs to hold meetings in Thailand in future.

Conference Under Surveillance

BK2107085194 Bangkok THE NATION in English 21 Jul 94 pp A1, A4

[Text] A regional human rights conference opened yesterday at a small guesthouse despite repeated threats by the government that foreign participants would be arrested.

Outnumbering the number of participants present—half a dozen Thais and 17 foreigners—about 30 police officers ringed the We-Train Guesthouse in Don Muang owned by the Association for the Promotion of the Status of Women where the meeting was held.

Police demanded that the foreign participants hand over their passports but the conference organizer's lawyers intervened and advised them that the passports might be confiscated. The police also warned the foreign participants did not do so, they were liable to arrest if they left the guesthouse.

After haggling with the organizers, the Coordinating Committee of Human Rights Organizations in Thailand, the authorities then took down the names of all the foreigners.

The police early this week blacklisted 11 East Timorese due to attend the conference. However, no East Timorese or Burmese participants were present.

The conference was opened by Phalang Tham MP Suthin Nopphaket, the chairperson of the parliamentary sub-commission on human rights.

"It is rather unfortunate that the Thai government is attempting, by various forms of threat, to jeopardize the efforts of local human rights organizations who host this meeting," he said.

"It is unbelievable that such threats come from a democratically elected government," Suthin added.

Both East Timor and Burma are topics to be discussed at the conference, even though delegates from these two countries had not been able to attend.

Visibly angry at the earlier police "harassment", Thiranat Kanchanakson, a political economy lecturer at

Chulalongkon University asked during the meeting: "Has Thailand become a colony of Indonesia?"

Thai human rights activists speakers accused the Chuan administration of being a "devil in disguise," for having given "false hope to democracy lovers and civil rights advocates."

"The rights which Thais began to enjoy after the May 1992 bloodshed, namely the right to know, the right of expression and the right of assembly are gradually being taken away," said Latdawan Tantiwitthiyaphithak of the Union of Civil Liberties.

Latdawan also accused the Thai government of collaborating with other Asean governments and China in ignoring human rights and the basic dignity of human beings.

"They (Asean governments) even claim that the concept of human rights in the Universal Declaration of Human Rights is a purely western concept," she said.

Police Director General Prathin Santipraphop seemed to have softened his stand toward foreign activists yesterday. "Police cannot arrest them if they do nothing wrong," he said.

Meanwhile, earlier yesterday afternoon Foreign Minister Prasong Sunsiri expressed his willingness to act as a "postman" conveying a message on human rights concerns to foreign ministers who are coming here to attend the Asean Ministerial Meeting.

However he told the organizers of the human rights conference that he is in no position to force those countries to take the message into consideration.

Prasong made the statements to visitors led by Somchai Homla-o, of the Union of Civil Liberty, who called on him to clear up the confusion this week over the Thai Government's attempt to ban the conference.

Somchai quoted Prasong as telling the group that "he (Prasong) welcomes and agrees with any activities on human rights as he himself was also involved in the pro-democracy demonstration in May 1992."

Prasong said there was no problem for Thai non-governmental organizations [NGOs] to hold conferences in Thailand but foreign ones are required to comply with Interior Ministry regulations and submit a proposal 30 days in advance of the scheduled forum.

"The foreign minister said he received information from his officials that the conference would be organized by foreign NGOs which wanted to use Thailand as a venue to raise the East Timor issue," said Phairot Phonphet, of the Coordinating Committee of Human Rights Organizations.

But after organizers explained that the conference was organized by Thai NGOs and was a continuation of last year's meeting, Phairot said the minister said it had been "just a misunderstanding".

Prime Minister Receives PRC Vice Premier

BK2107094594 Bangkok Radio Thailand Network in Thai 0530 GMT 21 Jul 94

[Text] At 0830 this morning, Qian Qichen, vice premier and minister of foreign affairs of the People's Republic of China, and his delegation paid a courtesy call on Prime Minister Chuan Likphai at the Government House.

The Chinese delegation is on a visit to Thailand to attend the ASEAN ministerial meeting and the relating meetings on political affairs and security in the region during 22-25 July.

The prime minister welcomed the Chinese guests and expressed his appreciation of the Chinese vice premier's visit to attend the ASEAN meetings. He said the Thai Government is very pleased to have an opportunity to host these meetings.

Recalling his visit to China in August last year, the Thai prime minister said the visit had greatly contributed to the strengthening of the relations between the two countries. Particularly with a group of businessmen in the entourage, the visit had created greater opportunities and paved the way for the expansion of bilateral economic cooperation. The Thai Government has continued implementing the projects which were agreed during that occasion.

The Chinese vice premier praised Thailand's economic growth and the country's role in international affairs. He also thanked the Thai Government and various organizations in Thailand for providing assistance to Chinese people affected by floods in the southeastern part of China in June this year.

Moreover, the two sides exchanged views on economic cooperation, especially the Mekong River basin development project, which will provide an economic link and an opportunity for mutual assistance. The economic cooperation would also help further promote the well-being of the people, as well as create peace and security for the countries in the area in the future.

The prime minister also asked the Chinese visitor about the situation on the Korea Peninsular. The Chinese vice premier said he believes the various aspects of the situation will improve because the new leader of North Korea has maintained the country's previous policy.

At the end of the meeting, both sides discussed the progress of a plan to bring the relic of Lord Buddha from China for temporary installation in Thailand on 5 December 1994 so it will have a part in the birthday anniversary celebrations of His Majesty the King of Thailand and be available also for the Thai people to worship.

* Specialists Assess Indochina Investment

94SE0131A Bangkok THAN SETTHAKIT in Thai 12-14 May 94 pp 12, 13, 23

[Excerpts] [Passage omitted] Dr. Somchai Phokphatwiwat, an associate professor on the Faculty of Political Science, Thammasat University, talked about the economic changes that have taken place in the Indochina countries, that is, Laos, Cambodia, and Vietnam. He said that these changes, which represent a truly new trend, began around 1993. But they began reforming their economic systems in 1986. [passage omitted]

The economic growth rates of all three countries are about the same. But Dr. Somchai said that people should be skeptical, because official figures and actual figures can be very different. But Laos, Vietnam, and Cambodia probably do have similar growth rates, that is, approximately 7 percent.

Their budget deficits have improved, too. Deficits have declined from more than 10 percent. In Vietnam, for example, the budget deficit has declined to just 5.6 percent. The currencies of Laos, Vietnam, and Cambodia have all increased in value. Looking at the development of foreign trade, all three countries have had good changes. In 1992, Vietnam had a trade surplus, which was an historical phenomenon, because it has rarely had a trade surplus. But last year, things returned to normal, that is, it again had a trade deficit. In short, looking at these various factors, it can be seen that many things have begun to improve. The one exception is Cambodia. Cambodia still has many problems, although the situation has improved greatly.

Vietnam has a national economic development plan that runs to the year 2000. Laos has a development plan running from 1993 to the year 2000. As for Cambodia, the political situation there is still uncertain. As for Vietnam's targets, it has stipulated that by the year 2000, it will strive to double the per capita income of the people (from 1990-1991 levels). Dr. Somchai said that their economic growth rate will probably be about 8 percent, and to do this they will need approximately $40 billion, with half coming from the government (state revenues are approximately $7 billion and state enterprise revenues are $13 billion). The other half will come from abroad (with approximately $7-8 billion in the form of foreign aid and $12-13 billion in the form of direct foreign investment). Analyzing the budget deficit in Vietnam, today, about one-third of Vietnam's income comes from domestic revenues, and about two-thirds comes from foreign loans. In the future, if Vietnam wants to change these percentages to 50-50, it will definitely have to adjust taxes just as Laos and Cambodia have done. Thus, those who are thinking about investing there must consider what may happen, particularly concerning taxes.

As for direct foreign investment, with Vietnam needing $12-13 billion during the period of this development plan, that is an average of more than a billion dollars a year. Looking at the level of investment today, that is a realistic amount. At a session of the Vietnamese National Assembly held in January, the National Assembly passed eight measures. The important measures concerned investment. Vietnam will focus on changing its economic structure by stressing industrialization and modernization. Even though the economy is still based primarily on agriculture, Vietnam wants to become a modern industrialized country. Thus, Vietnam will certainly need to have an agricultural industry, or agricultural products processing industry. The Vietnamese government will probably give much support to this sector. Second, it will put an emphasis on export production industries instead of import substitution industries. Investors interested in investing there should attach importance to this. As for modernizing the country, it is thought that Vietnam will quickly take steps to improve its tax, management, and monetary systems. For example, at present there is still no bankruptcy law, and there is nothing concerning mortgages. Vietnam will have to take quick action on these things in order to build a foundation. Another measure has to do with revising the civil and commercial laws. Another thing is the development of financial markets. It is thought that a securities market will be established next year, and bonds will be sold.

Besides this, Vietnamese officials have implemented a policy of expanding capitalism. It's just that this process may not take place as rapidly as expected. But it can be said that Vietnam has one advantage over China and that is that political change in Vietnam will encounter fewer problems than in China. Vietnam is changing gradually and so it shouldn't have that many problems. This is one guarantee with respect to the policies that they are implementing. "As for the political risks in the three-four countries in this region, I think the risk is smallest in Vietnam. Looking at Vietnam's development policies, it can be seen that they are creating a good balance. For example, there is an export promotion zone in Ho Chi Minh City. There must be zones at Danang, Hanoi, and Haiphong, too," said Dr. Somchai.

The Lao plan calls for reducing the rate of inflation to single digits, that is, approximately 6-8 percent, by the year 2000, and having an economic growth rate of approximately 7 percent. Laos wants to attract the following types of investment: 1. It wants to use the natural resources of Laos and process these resources for added value. 2. It wants to promote the development of hydroelectricity and promote development in the agricultural and forestry sectors, particularly industrial agriculture. 3. It will try to reduce imports and promote production for import substitution. 4. It will try to produce enough to meet domestic needs. 5. It will try to have a surplus in food production. 6. It wants to cultivate cash crops and carry on animal husbandry in order to have a basis for industrialized agricultural production.

Finally, it wants to raise educational and health standards. As for educational standards, standards are lowest in Cambodia. In Vietnam, the literacy rate is similar to that in Thailand, but the rate in Laos is lower.

Dr. Somchai discussed investment opportunities and trends in the three Indochina countries. He said that Vietnam is the strongest of these countries. It has a population of 73 million people. But this figure will change in the next 7-8 months, because they have a population growth rate of 2.2 percent. The purchasing power of the Vietnamese people is greater than that of the people of Laos and Cambodia. This is the case even though the GDP figures for these three countries are about the same. This is because Vietnam has several large cities. Besides this, Vietnam still has many resources and several industries in which people can invest, such as minerals, lignite, public utilities, tourism, processing, and fishing. In short, Vietnam should be viewed from two angles (looking at both domestic and foreign markets). First, there are the profits to be made from the purchasing power of the 73 million Vietnamese people. Second, there are the profits to be made from the capital base, the use of labor, and the favorable tax system. All three of these countries will probably follow the Chinese example. That is, they will establish special economic zones. The only difference is that Vietnam refers to these as export promotion zones in tandem with industrial estates. There are laws for the export promotion zones, and the benefits are very clear. As for the industrial estates, because there are no supporting laws, people should study each estate to see if it is profitable. Besides this, the creation of a production base in Vietnam will enable investors to profit from the export of goods to the European Union (EU), because there are no quotas on certain types of goods.

Laos has a population of only 4 million people. Purchasing power is clustered in Vientiane, Champassak, and Savannakhet. Thus, an investment strategy for Laos should not focus on the domestic market. Instead, Laos should be used to increase outside purchasing power. Attention should be focused on providing services for foreign tourists. Second, Laos can serve as a base in using the natural resources, including the agricultural and textile industries. As for Cambodia, even though it has resources, there are still political risks. The roads are still risky. If people want to invest, they should do so in relatively secure cities.

Dr. Suchat Thadathamrongwet, the senior deputy managing director of the Charoen Phokphan Company, discussed investment possibilities in Indochina. He divided his analysis into two parts. First, he made a comparison between the Indochina countries and Thailand and between Vietnam and China. He then discussed investment strategies.

Economic development objectives include relaxing foreign investment measures and reducing the number of regulations. Comparing China to Vietnam, it can be seen that Vietnam is still at a disadvantage in several ways. First is the matter of taxes. Vietnam's tax rate is approximately 10-25 percent. The rate for industries in general is approximately 25 percent. But for large industries that use high technology and that employ more than 500 people, the rate drops to 20 percent. That makes no sense, because small investors don't have a chance. Taxes in the export promotion zones are approximately 10-15 percent. The tax on services is 15 percent, and the tax on industries in these zones is 10 percent.

Things are more favorable in China. In China's special economic zones, taxes are lower regardless of whether investors carry on production for export or not. But in Vietnam, to get a lower rate, the producers must export their goods. One reason why large numbers of people have invested in China is that there are five-six special economic zones located along the coast. If the goods are sold in China, the tax rate is 15 percent. But outside these zones, the rate is 30 percent. Furthermore, taxes have been waived for the first 2 years. And after that, the tax rate is just half the normal rate.

Second is the matter of labor. Employing laborers in China and Vietnam still has certain limitations. In Vietnam, investors must hire people through state units. And payments must be made through state representatives. And the important thing is that employers don't have the right to dismiss workers. But in China, investors can hire and pay workers themselves. Or they can ask the state to help. Salaries, however, are divided into two parts. Some of the money is paid to the workers and some is paid to the state. The state provides housing and welfare services. But if a worker want to receive the money himself, he must then provide for himself. Besides this, employers have the right to fire workers.

Third is the issue of contract negotiations. Negotiations with China are easier, and they are willing to make concessions. But Vietnam is suspicious and refuses to make concessions. Negotiations with Vietnam take a long time, with the result that investors often change their minds and decide to invest in places where they can save time. In particular, large investors have to spend much time carrying on negotiations. Thus, few such investors are interested in Vietnam. Also, Vietnam has set several tax rates. It would be best if they cut the number to one as China has done so that everyone pays the same rate. Besides this, Vietnam's needs are limited. That is, it wants manufacturers but not investors, which is just the opposite of China. Because of this, business in Vietnam is not making the progress it should.

However, Dr. Suchat said that Vietnam is a clever country, because it succeeded in quickly reducing the inflation rate. It lowered taxes and raised interest rates, which stabilized the value of the currency. Today, the rate of inflation in China is over 20 percent, and in the coastal zones, the inflation rate is more than 30 percent. However, the long-term outlook for both is good. In Vietnam, the inflation rate is quite low. The problem is, no one knows how many people have been refused permission to invest.

"Businessmen with only small amounts of capital should choose businesses with which they are familiar, because they will know the pros and cons of that business. Besides this, investing abroad is different from investing at home. Taxes are different, and they may not understand practices there. Thus, investing in less developed places means that investors will have to deal with situations in a more accurate manner," said Dr. Suchat.

Paphatson Chintakanon, the assistant manager for foreign affairs and foreign relations, Thai Military Bank, said that the Thai Military Bank was the first bank to meet and negotiate with Vietnamese officials. Finally, it was allowed to provide telex services and establish a branch in Vietnam. Many of its customers were Vietnamese living in the United States and Canada who wanted to send money to family members living in Vietnam.

Import-export activities are encountering problems because there are no laws. As for mortgaging property in Vietnam, the land there still belongs to the state. Thus, the bank can't make loans. But it must be admitted that Vietnam has shown great skill in repaying the money borrowed from the World Bank since the [Second] World War. Because of this, Vietnam has been allowed to take new loans from the World Bank in order to restore its infrastructure. As for investment in these three countries, to add to what Mr. Thui said, Paphatson said that most joint ventures will be 70-30 percent ventures, with the foreign investor holding 70 percent of the shares. Money will be invested in financial activities and machinery and in upgrading factories and employing workers. This will require large sums of money; otherwise, things will fail. As for the 30 percent owned by the Vietnamese people, most of that will be land. In some cases, the land may be in poor shape, but the good thing is that Vietnam can hire workers at local prices.

"The profits made in Vietnam should be used to buy goods for resale, because the state supports that. As for Laos, electricity is good (there is sufficient electricity everywhere). Production installations, particularly textile and clothing industries, should be moved there in order to reduce production costs. Besides this, there are no export quotas, because the trade embargo on Laos has been lifted. Thus, it can export goods to foreign markets. The important thing is that in Laos, land can be mortgaged. This can be done at the Land Records Department. Thus, almost all of the land around Vientiane has been bought up. The difficulty is that construction in Laos is very slow, and housing prices and rents are very high."

Many people wonder, in view of the fact that Thailand still needs foreign investment capital, why investors are being encouraged to invest in Vietnam. Concerning this, Mr. Withaya Phraisuwan, the head of the Thai BOI [Board of Investment] foreign investment unit, said that some of the advantages of investing in industry in Thailand are eroding. Market limitations are increasing. Thus, besides having to promote investment in new zones in Thailand, we must expand to other countries that will give Thai production greater advantages. Now that the systems in neighboring countries such as Laos and Vietnam have been transformed into market systems, this is a good opportunity for Thailand to increase investment there.

Another reason is that this is a chance to find sources of raw materials, particularly those raw materials that Thailand lacks, such as timber. We have invested in lignite mines in Laos. The Pha Daeng Company has searched for sources of zinc and gold in Vietnam, and the Surin Omya Company has searched for sources of chalk. "In short, the changes that have taken place in neighboring countries and the need to look at the future of industry require that we expand investment. We will have to rely on them to a certain degree, and they will have to rely on us. This is a matter of economic cooperation, with each relying on the other."

The BOI representative said that because of these views, the BOI must stipulate various policies and measures. We have not yet formulated a single integrated foreign investment policy. There are still many different pieces. The first piece that the government is looking at is communications. This refers to the economic rectangle program to link three-four roads in Laos, Burma, southern China, and Cambodia. This will facilitate bringing raw materials into Thailand and transporting Thai goods to neighboring countries.

Besides communications, there are issues concerning the use of water and various resources. There is also the matter of cooperation on the energy front. Because the BOI saw that many Thai businessmen were interested in investing abroad, it established a "Thai foreign investment unit." It began by building a relationship between the BOI and similar units in those countries, such as the Lao, Vietnamese, and Cambodian boards of investment. Agreements have been signed on exchanging data and information, and steps have been taken to foster better mutual understanding. This has created greater trust in order to lay a foundation and build a stronger relationship.

Mr. Withaya said that mutual understanding is very important. Regulations are also very important. It's worth noting that various Vietnamese enterprises that used to be state enterprises now have two major owners, that is, the central government through a ministry and a province. In investigating the possibilities of doing business, the easiest way is to start with the province, because the province is the owner of the business and many of the assets. Thai businessmen will have to use their assets. They can do this by engaging in joint ventures. The provinces have an organization called an external economic relations organization. This organization contacts foreigners and provides advice. Foreign investors can submit proposals to this organization concerning joint ventures with local investors. After that, negotiations are held, which take a rather long time.

"It must be admitted that Vietnam's way of doing business is different from ours. Vietnam opened up just recently, and they don't yet have standards. We have to adjust to each other. The selection of a province depends on the type of business that the investor is interested in. If it's heavy industry, he will have to look to the north, that is, Hanoi and Haiphong. If he is interested in consumer goods, he can look to the south, because the largest market is in the south. Thai businesses such as clothing, soft drinks, and light industry will look mostly to the south. This depends on whether Thai investors plan on investing in activities that will sell goods on domestic markets or export goods." The representative from the BOI said that if investors are interested in investing in southern Vietnam, instead of starting in Ho Chi Minh City, they might want to consider starting in nearby provinces, because competition in Ho Chi Minh City is quite fierce. One province where many Thai investors have invested is Dong Nai, which is located approximately 35 km from Ho Chi Minh City. Besides this, there is an industrial estate in Dong Nai, which is quite popular with Thais.

* Central Bank Chief on Monetary Policy

94SE0130B Bangkok THAN SETTHAKIT in Thai 15-18 May 94 pp 12, 13

[Text] Mr. Wichit Suphinit, the governor of the Bank of Thailand (BoT), granted an exclusive interview to THAN SETTHAKIT. He discussed whether an inflation rate of 4.8 percent is "worrisome" or "not worrisome" and disclosed what measures will be taken to keep the economy from overheating. The governor of the central bank said that Thailand's economic situation is "very good," and he predicted that we are "at the end of the period of high interest rates." He then discussed monetary policy during the Chuan administration, a period devoid of political interference.

Inflation

Mr. Wichit was asked how concerned the central bank is about inflation. He admitted that the present inflation rate of 4.8 percent is high as compared with the expected rate of 4.2 percent and last year's rate of only 3.3 percent. "The reason why inflation has risen so quickly during the first quarter is that in the agricultural sector, the price of food has increased more than last year. If I remember correctly, last year, the food price index was negative. It began to rise just in the last quarter of last year. Trade has been rather brisk, particularly after Japan purchased rice from Thailand. Moreover, because of the drought, yields have been low. Looking at the figures for food, prices have clearly risen. It is estimated that the purchasing power of the farmers has increased 21 percent."

Are there any other inflationary pressures? "At present, there aren't any other clear inflationary pressures. One thing that could push up inflation that we have not talked about is a stronger than expected recovery in the private sector. At present, several industries are almost at full production capacity. Overall, we estimate that during the final part of the year, private-sector investment will expand faster than expected," said Mr. Wichit. He cited the results of a study conducted by the IMF, or International Monetary Fund. The IMF studied Thailand's economic situation last year and concluded that Thailand's industrial sector is now using more than 90 percent of its production capacity. It is thought that if Thai exports rise above 15-16 percent, production capacity may be increased at the end of the year. The central bank is monitoring this closely.

Another factor that the governor of the central bank said could prove to be an important factor in pushing up inflation is investment in infrastructural projects. Investment in such projects has increased 27 percent as compared with last year. "If the private sector expands production capacity to support higher exports, this will push prices higher. This is already happening. There are already strains. For example, building materials are beginning to show signs of strain. The labor issue is an on-going issue. The purchase of additional machinery may result in imports expanding 14 percent more than we initially estimated."

The IMF recommended that raising the salaries of government officials be slowed and that the value-added tax be increased from 7 percent to 10 percent. The governor was asked if our inability to follow these recommendations will make it more difficult for us to control inflation. "It will not be easy to do those things. Increasing the value-added tax will just make people think that they are facing an even greater burden. And the salaries of government officials must be adjusted, because the salaries of people in the private sector and labor sector have increased as much as 5.6 percent," said Mr. Wichit. He stressed that even though we cannot implement the anti-inflationary measures recommended by the IMF, "we have ways to keep inflation under control."

Control Measures

Before talking about the "measures that will be used to control inflation," the governor of the BoT insisted that strong measures such as those used to control inflation the last two times will not be used this time. "During the oil crisis several years ago, we took stern measures, that is, credit was limited to 18 percent and the baht was devalued, which created much confusion. In 1990-1991, inflation increased rapidly. Everyone felt that it was increasing rapidly. We took tough action by raising interest rates 3 percent all at once. Many people opposed this, because everyone was enjoying themselves. The stock market was moving up, and investment in land and construction was booming. But when we raised interest rates, everything stopped. We will avoid implementing such stern measures that everything will come to a stop, which was the case the last two times. We will avoid the problems that arose the last two times in controlling inflation so that the economy grows in a stable manner.

"What has been stipulated on the monetary front is quite clear. In stipulating a suitable policy for the next year, changes must be made. Monetary policy clearly calls for being more careful. During the past 2 years, funds were allocated to stimulate investment and the economy. Last year and this year, the economy has been growing rapidly and so the government has become more cautious. This is clear. Budget funds are being used in a balanced way. This will compensate for increasing the salaries of government officials and keeping the present value-added tax rate." He then discussed monetary measures, for which the central bank is directly responsible and which are the most important measures in controlling inflation.

"If we can keep monetary growth at the stipulated level, inflation should be about as predicted," said Mr. Wichit before turning to the monetary measures that the central bank is implementing in order to control inflation. He said that the central bank is stressing two measures, that is, keeping the money supply at a suitable level and closely monitoring the credit extended by the commercial banks.

"We have to monitor the amount of money flowing into the economic system. First, we must not allow too much to flow in or allow credit to expand too rapidly. Second, we must not allow credit to be extended for speculative ventures. Because of what happened in the past, we are monitoring these two things closely. If we have to reduce the rate of monetary growth, we must encourage savings using various measures. The government is establishing a central retirement fund, and a provident fund is being developed," said Mr. Wichit.

He added that "actually, Thailand's financial markets are becoming more and more susceptible to small changes. Two things occurred recently. First, we (the BoT) have taken steps to prevent liquidity from increasing. Thus, interest rates went up immediately. We began monitoring liquidity the 3d week of January. At that time, there was excess liquidity in the repurchase market (short-term bond repurchase market) and interbank market. There was too much liquidity. This amounted to 10-30 billion baht. Now, there is a shortage and so we have had to provide help. Such signals mean that the monetary system must be careful in releasing credit. That is, they can't release credit like they did last year. Last year, if you needed a certain amount, you could obtain it on the repurchase market or on the interbank market, because there was excess liquidity. Banks could borrow money at an interest rate of 3.5-4.0 percent and loan the money for 16 percent, reaping a huge profit."

The central bank prohibits financial institutions from having foreign currency and a net deficit of more than 25 percent and 20 percent, because it wants to control foreign currency. Concerning this, Mr. Wichit said the main reason for implementing this measure is to protect the financial institutions from risks stemming from exchange rates. This is because the financial institutions like to borrow large sums of money from abroad. Controlling the money supply is a secondary reason. "Foreign borrowing will have to be monitored more closely. That is, we must prevent too great an increase in credits. Recently, finance companies have been using large sums of foreign capital." He added:

"We look at the overall situation (the inflow of foreign currency). Actually, the inflow of foreign currency has not changed very much. There is an inflow of approximately $10 billion, which is not too much. This year, it is thought that the inflow will reach about $12 billion, which is not too great a change. In monitoring the monetary situation, we monitor the flow of money, too. If the flow into certain sectors is too great, we will have to issue a warning, such as in the case of the finance companies. We have not implemented any new policies regarding foreign capital, but we must monitor this closely."

As for private-sector borrowing without going through a financial institution, Mr. Wichit said that this is not a problem. This is because they use the money in productive activities. He stressed that "with respect to inflows of foreign capital, we are quite careful. We know that we are highly dependent on foreign capital. In the next decade, we will have to rely on foreign capital. Thus, we don't want there to be any lack of confidence with respect to foreign currency. We are trying to improve quality. We have already done quite a lot. That is, we have issued long-term instruments on foreign markets and done things in accord with the Securities and Securities Market Law. A public law has been promulgated to encourage various companies, including commercial banks and securities companies, to issue instruments. So many instruments have been issued that we are beginning to worry about a lack of close supervision."

Mr. Wichit said that "we have formulated two new lines. First, there are stipulations concerning the net foreign currency positions of financial institutions. Second, In issuing instruments as stipulated by the Securities and Securities Market Law, the central bank must be informed so that we can see if they are adhering to the conditions that we have set. We look at everything, the currency, markets, and amounts. We will monitor things even more closely. If necessary, we will formulate useful criteria." He also said that "we have not made any recommendations as far as the details are concerned. We want to foster a modern view that there is movement and that things are happening. If necessary, we will make suggestions and advise people that they must be careful in mobilizing certain types of capital. Exchange rates fluctuate constantly. We are looking at both sides. If instruments are issued abroad today, some problems will probably be encountered, because very few have been issued. But what we are concerned about are the conditions, particularly the rate of interest. This has caused some to overlook the exchange rate. If the principal is to be repaid over a 5-year period, the exchange rate might increase, which would result in large losses."

When asked if any other measures will be implemented if these controls do not achieve results, Mr. Wichit said that the policy on controlling the money supply can be implemented through the existing apparatus, such as by increasing the net foreign currency reserves holding ratio.

Examining Commercial Bank Credits

"Regarding credit, we have begun examining the reports of the banks much more carefully. We will analyze things carefully to see if there have been any unusual changes. We will give our views in each case. We are monitoring this rather closely and feel that this is an important issue on which the banks should cooperate. In supporting the commercial banks or finance companies, how well they have cooperated is one of the things that we take into consideration." He added that "we have been quite satisfied with the recent trend in the expansion of commercial bank credit, because credits of benefit to the economic sector have been small. There has not been anything to be concerned about. We are monitoring both things, that is, the credit plans of the commercial banks and the expansion of credit, rather closely this year." Mr. Wichit admitted that credit expansion during the past period was high, because the proportion of credits to deposits reached 115. "Total credits increased about 23.8 percent, which is about 2 percent higher than the target. The reason for this is that we included the money borrowed through the BIBF. Even though credits were high that period, they did not reach the ceiling that we had stipulated."

Nothing Alarming About the Rise in Interest Rates

Before discussing the changes in the financial markets today, [he said that] "there are also external reasons for the adjustments in the market apparatus (interest). We feel that such market adjustments will help maintain the monetary targets. Because when interest rates rise, deposits will increase. Expenditures will not be as great as when interest rates were low. At the same time, loan interest rates will be adjusted, too. Even though rates will not increase very much, this will serve to warn consumers and investors that they must be more careful, because interest rates could rise even more. This has created stability. The projects implemented today are not speculative projects. This is a very welcome change. As for whether rates will climb higher, that is something that must be monitored. We will try to adjust things gradually."

Concerning higher interest rates, the governor of the central bank does not think that the higher rates will affect the economy as happened in the past. He said that there is more competition than in the past, which includes competition between both domestic and foreign institutions. "This increased competition will prevent rates from rising to the levels they did in 1990, when interest rates at commercial banks and finance companies reached 19 and 21 percent respectively. This stems from their having adjusted to the international financial system." Besides competition, with respect to getting at sources of capital by mobilizing capital from the Securities Market of Thailand or from debt instruments, "there are several businesses that will support activities, because capital expenses are low in mobilizing capital on the securities market," said Mr. Wichit.

The Future of the Economy

As for the future of the economy, Mr. Wichit said that "this is the 2d year of economic adjustment. We have warned people about too rapid a recovery. Last year, for example, the economy grew at a rate of 8 percent. This year, the IMF and other economic institutions predict that the economy will grow at a rate of 8.2 percent, which is very high. Thus, we are warning people that the recovery is rather rapid. Looking at the 2d year of the recovery, there are several years left before the end of the cycle. A cycle here usually lasts 2-4 years. If the growth rate for the 2d year is 8 or 8.2 percent, things will overheat in the 3d and 4th years. And an important point is that the world economy has not recovered very much." The governor of the central bank pointed out that the main factors that will cause the economy to grow, particularly during the later part of this year, are, one, exports, and two, investments. As mentioned above, the private sector has a chance to grow rapidly. Mr. Wichit said that the central bank estimated that exports would increase 15 percent this year. But now, it is estimated that they will increase 16 percent. This stems from the fact that world trade will increase $220 billion. Thailand has a 0.2-0.3 share of world exports. In such a situation, the central bank may have been somewhat conservative in its estimates. Exports may well increase 16 percent, which means that the economy should grow at a rate of 8.2 percent.

What this means is that it will not be possible to keep inflation below 5 percent or economic growth below 8 percent. "This is within the framework. If things are a little too high or low, that really shouldn't affect things. Even if (the economy) grows a lot, that shouldn't have too great an effect. That is, if it does grow, we can make adjustments during the middle period. That is relatively easy. But if the economy does not grow, it is much more difficult to stimulate the economy." When asked what are the factors that will drive the economy in the coming period, Mr. Wichit said that in his view, one the important factors will be "low capital costs in the private sector. Interest rates have declined, and some business activities have begun mobilizing capital on the securities market."

Another factor is the industrial sector, which Mr. Wichit thinks will expand greatly. "The industrial sector is on the verge of engaging in a greater variety of activities such as automobiles, petroleum, cement, and telecommunications. Expansion in these sectors will provide power for take off," said Mr. Wichit. He pointed out that lowering tariffs on various raw materials and electronic components will help stimulate the economy. "The export value of electronic goods has now reached 24 billion baht, which is the highest of all industrial exports." In his view, overall, the economy is not facing any obstacles. "Monetary development must continue in order to serve economic growth. There are the issues of savings for investment, roads, and labor. Development in these areas must keep pace with the changes. Urgent action must be taken in income distribution. Unless this is done, Thailand will become like Korea. There will be demonstrations in the streets. If this is ignored, the problem will just get worse. If we wait to solve the problems, in the future capital will be much more expensive."

A New Wave of Independence

As for allowing monetary freedom, which is what the central bank has always done, Mr. Wichit talked about what will be done now. "Several things are very clear. In controlling exchange rates, controls will probably be relaxed. For example, with respect to investing abroad, the ceiling on the amount of money may be raised. Or people may be allowed to invest in stocks, instruments, and assets abroad. Actually, we plan to open up things even more. One of the things now under consideration is allowing finance and securities companies to engage in joint ventures with foreign companies. They can serve as underwriters for foreign companies that want to sell shares in Thailand. We are considering this. As for border trade, in which the amount of money may be limited or expanded, we have given much freedom to the financial institutions in carrying on activities."

As for controlling things after granting freedoms, Mr. Wichit said that this is easier than before. "Allowing greater freedom makes it easier for us to control things, because we can control things using market mechanisms. This is more natural. If we try to control things using interest rates or macro controls and try to keep consumption within certain levels as we did in the past, that will cause distortions in the market. This is because the situation of each institution is different. Controlling things using market mechanisms helps prevent distortions." The central bank governor also said that "in managing and monitoring things, we have shifted from using petty laws to monitoring funds and the quality of the assets."

"You asked if allowing greater freedom will put the small financial institutions at a disadvantage as compared with the large institutions. I don't think so, because this won't benefit just the 'big shots.' There are many activities that they can engage in without having to expand the number of branches or employ large numbers of people like the big banks. Thus, the small and medium-sized banks can expand their revenue base without having to build a branch or deposit base. Even without doing this, they can still expand their activities. Another factor is interest rates, which follow the market mechanism. Unlike in the past, interest rates will move throughout the system. This will be the same for both large and small banks. There may, however, be some "under-the-table" activities. Today, interest rates have three structures. Everyone can offer interest rates based on his position. They don't have to compete with the large banks or offer the same rates as the large banks, because rates will depend on the situation of each person."

Mr. Wichit talked about the Bank of Thailand's policy concerning small financial institutions, particularly finance companies. He said that the bank wants to monitor their activities. He thinks that in the future, banks and financial institutions, particularly the small ones, will merge in order to increase their ability to compete. In particular, the policy of the central bank is to raise the status of the finance companies to commercial banks.

Independence of the Central Bank in Making Decisions

"Actually, many countries are very interested in this. But actually, this concerns the nature of each country's system. The law stipulates levers of mutual power between the Ministry of Finance and the central bank. With respect to monetary policy, particularly in revising various laws and monetary policies, we have enjoyed great independence. There have been few problems. The only problem is in coordinating things with the Ministry of Finance. In implementing monetary policies, we have to try and explain things so that they understand the purpose of the measures. But in the past period, there haven't been any problems. Everyone concerned in the government is in agreement. Concerning the financial institutions, the law clearly stipulates that the minister of finance is the one who has the 'final say' in allowing financial institutions to increase or reduce their capital. Thus, whenever we want to do something involving these institutions, we must coordinate things closely. If we coordinate things closely at all times, when monetary and fiscal policies are implemented, they will be in line with each other. A good example of this is that next year, we do not plan to stimulate the economy. The Ministry of Finance wants to keep things within the framework and so it has implemented a suitable fiscal policy. An important indicator of our success in coordinating policies is our monetary stability. Has the central bank been able to achieve results and coordinate things with the government? Just look at our monetary stability and at the inflation and exchange rates. Those two are good indicators.

"You asked if our policy on interest rates was motivated by politics. That is off the mark somewhat. Actually, the interest mechanism is quite natural. A mechanism has to be built in the system just like building a secondary market to support trade and share instruments. We have an interest system. We did away with the ceiling in June 1992. That was when we were building the system. The economy was slowing down then, and liquidity exceeded the needs of the central banking system. We told the commercial banks that the excess liquidity had to be absorbed. We told them why this was necessary. That would have been capital of the central bank and that would not have been good for the system. Thus, we wanted to adjust things. They had to lower interest rates.

During that period, we forced the system to rely on market mechanisms in stipulating various things, particularly interest rates. It can be seen that interest rates have declined from 19 percent in 1990. They declined very quickly. Another matter is the conflict between prime and non-prime interest rates. This is why we created the MRR mechanism (loan interest rates for excellent small customers). We have to discuss things and create mechanisms by relying on our experiences and the experiences of other countries that have done such things, such as the United States and Malaysia.

Vietnam

PRC Attempts To Stop Spratly Drilling Denied

BK2107114394 Hong Kong AFP in English 1100 GMT 21 Jul 94

[Text] Hanoi, July 21 (AFP)—Vietnam denied any knowledge Thursday of reported Chinese attempts to stop Vietnamese drilling activities in the South China Sea, saying PetroVietnam was working normally off the coast.

A Foreign Ministry spokeswoman said they had no knowledge of an incident reported by the INTERNATIONAL HERALD TRIBUNE on Tuesday in which Chinese warships were said to have blocked a Vietnamese oil drilling rig off the south coast of the country.

"We have no such information," spokeswoman Ho The Lan said. "As far as we know all oil activities are being carried out normally."

China warned Vietnam on Tuesday to stop drilling on the Wan An reef between the disputed Spratly Islands and the coast of Vietnam, saying it was Chinese territory.

Hanoi has reiterated that the area is part of Vietnam's continental shelf and is unconnected with the Spratly claims. China says that the area is within the exclusive economic zone of the South China Sea archipelago.

The Chinese Government on Monday reportedly confirmed that its ships were stopping Vietnamese drilling but the Foreign Ministry later denied making the statement.

Sources here have said that PetroVietnam has sent a drilling ship to the area, which Beijing has granted as a exploration concession to US firm Crestone Energy Corp.

Beijing awarded the 25,155 square kilometre (10,062 square mile) zone to Crestone in 1992 but was bitterly denounced by Hanoi, which has granted a neighbouring block to a consortium led by US oil giant Mobil.

The simmering row over the South China Sea and the Spratlys, where there are also overlapping claims by Brunei, Malaysia, the Philippines and Taiwan, has intensified as oil exploration work has got underway.

Vietnamese Foreign Minister Nguyen Manh Cam and his Chinese counterpart are expected to meet at the ASEAN forum in Bangkok but it was not known if they would discuss the issue.

Tensions in the South China Sea are expected to be on the agenda for the July 22-23 meeting of foreign ministers from the Association of Southeast Asian Nations (ASEAN) and their dialogue partners in Bangkok.

Delegation Departs for Japanese Party Congress

BK1907145794 Hanoi VNA in English 1402 GMT 19 Jul 94

[Text] Hanoi VNA July 19—A delegation of the Communist Party of Vietnam (CPV) led by Do Quang Thang, Politburo member and secretary of the CPV Central Committee and head of its Control Committee, has left for the 20th Congress of the Japanese Communist Party [JCP].

On this occasion, the CPV Central Committee has sent a message of greetings to the congress.

The message says among other things:

"The JCP 20th Congress is an important political event. The JCP is a considerably political force in the Japanese people's life, and the tasks to be set forth by this congress will help open new prospects for the Japanese communists and people's struggle.

"We are glad to note that the traditional solidarity and friendship between our two parties have constantly developed for the interests of the two peoples and for peace, cooperation and development in Asia and the Pacific as well as in the world. The JCP has always granted wholehearted support to the Vietnamese people and communists. We would like to take this opportunity to express our sincere gratitude to the Japanese Communist Party and people.

"May the friendship, solidarity and cooperation between the two parties and peoples be further developed and consolidated", the message concludes.

New Zealand Prime, Foreign Ministers Visit

Hold Conference

BK1907141094 Hanoi Voice of Vietnam in English 1000 GMT 19 Jul 94

[Text] Deputy Prime Minister and Foreign Minister of New Zealand Donald McKinnon held a press conference in Hanoi on Monday [18 July] to report on his official visit to Vietnam. Mr. Donald McKinnon said:

[Begin McKinnon recording] I'm certainly very impressed with the very strong determination of the government of this country to move as rapidly as possible from a centrally planned economy to one in which the private sector and other interests take a much greater role. The move toward state-owned enterprises for privatization, deregulation—they're all things the New Zealand economy has gone through in recent times; in fact, the last seven or eight years. We have some 40 New Zealand companies in Vietnam in recent times putting up projects, ideas, pre-feasibility studies. There are trade opportunities between the two countries that can be developed. All recognize that we are one of the small players in the region and we probably are competing against some very major interests, but nevertheless, we think that some of the expertise we have can be developed, and I'm delighted with some of the responses I've already had just today concerned with mutual development between interests in both countries. The opportunities here are simply amazing and I guess you have to be on the ground to learn. One does not wish to say that having been here 24 hours I'm an expert on Vietnam, but what I do see is a country that's on the move very, very rapidly, and this is underlined by the very strong commitment of financial interests to make big commitments of capital in this country, and people only commit capital when they know that capital's going to give them a return; at the same time may be take the capital out again. That doesn't happen in many parts of the world at the present time, so the kind of political stability that's being conveyed by the Vietnamese Government is very important. [end recording]

Regarding the relations between Vietnam and New Zealand, Mr. Donald McKinnon said:

[Begin recording] As for the better relationship between New Zealand and Vietnam, this has moved very rapidly in the last three years. We have actively encouraged New Zealand companies and corporate groups to come and have a look at the opportunities here; the trading opportunities, the investment opportunities. This has moved along at such a pace that we are now prepared to say that we will be opening an embassy here in Hanoi about the middle of next year. That will enable us to continue to have a very positive dialogue with the Vietnamese Government as well as offering a point of contract for New Zealand companies wishing to engage themselves in the region. [end recording]

Received by Vo Van Kiet

BK1907145494 Hanoi VNA in English 1406 GMT 19 Jul 94

[Text] Hanoi VNA July 19—Prime Minister Vo Van Kiet received in Ho Chi Minh City today, Don McKinnon, deputy prime minister and foreign minister [F.M.] of New Zealand, who arrived here on July 17 for a six-day official visit.

Prime Minister Vo Van Kiet welcomed the results of the talks between Vietnamese Foreign Minister Nguyen Manh Cam and his New Zealand counterpart, Don McKinnon, as new contributions to consolidating and strengthening the friendship and cooperation between the two countries. He said that the relations between Vietnam and New Zealand might become a mutual trust and develop for mutual benefits.

He suggested that the two countries should promote the mutually beneficial cooperation by utilizing to the utmost Vietnam's manpower and natural resources and Australia's [as received] potentials in technology and management.

For his part, the Australian [as received] F.M. expressed his rejoice at the development of the friendship and cooperation between the two countries since the Prime Minister Vo Van Kiet's visit to New Zealand last year.

Prime Minister Vo Van Kiet welcomed the coming opening of the New Zealand Embassy in Hanoi and the visit to Vietnam next year by the Australian [as received] prime minister.

Trade, Economic Agreement Signed

BK2007105594 Hanoi Voice of Vietnam Network in Vietnamese 1000 GMT 19 Jul 94

[Text] Vietnam and New Zealand signed in Hanoi on Monday an agreement on trade and economic cooperation for 1994-96. The signatories were Trade Minister Le Van Triet and visiting New Zealand Foreign Minister Don McKinnon.

The two sides also agreed to discuss the signing of other cooperation agreements on aviation and on avoidance of double taxation.

EU Commissioner Visit Signals 'New Prospects'

BK2107064994 Hanoi VNA in English 0623 GMT 21 Jul 94

[Text] Hanoi VNA July 21—European Union Commissioner Hans Van den Broeck who is responsible for external political relations is expected here today for a three-day visit to Vietnam as guest of Foreign Minister Nguyen Manh Cam.

This is the highest official of the European Union (EU) to visit Vietnam since their relations were officially established in October 1990.

The relationship between Vietnam and EU is being broadened and developed favourably. EU continues to help in a programme of repatriation and re-integration of Vietnamese refugees. Moreover EU begins its technical aid programme and some development projects in Vietnam. In 1993 Vietnam exported USD 300 million in garments to the EU markets. The two sides are negotiating to sign a framework agreement on economic-commercial cooperation.

In an article occasioned by the EU commissioner's visit, the national daily NHAN DAN notes that the Vietnam-EU cooperative relationship is facing new prospects. Both sides have attached importance to constantly broaden their comprehensive cooperation. Prime Minister Vo Van Kiet's visit to Brussels and his talks with

EU leaders last year constituted a new step of development in their bilateral relations.

Moreover, in recent years, the strong development of Vietnam's multi-sided cooperation with each EU member is a favourable basis and conditions for the promotion of the Vietnam-EU relations for peace, cooperation and development in Southeast Asia and the world, the paper adds.

German Parliament Delegation Visits

BK2007150694 Hanoi VNA in English 1403 GMT 20 Jul 94

[Text] Hanoi VNA July 20—A delegation of the financial commission of the Parliament of Germany led by Senator Hans Ghunna Undal paid a working visit to Vietnam from July 14-20.

While here, the German delegation held talks with a delegation of the National Assembly's economic and budgetary commission led by its deputy head Nguyen Thanh Phong. The two sides informed each other of their activities and experiences with a view to promoting the friendly and cooperative relations between the two commissions as well as two parliaments.

The German delegation had working sessions with Minister of Finance Ho Te, general secretary of the Vietnam Chamber of Commerce and Industry Pham Chi Lan, leaders of the State Bank of Vietnam, the State Committee for Cooperation and Investment, the Government Office and some others. The Vietnamese officials informed their German guests of Vietnam's socioeconomic situation, its policy and orientation for development and cooperation for foreign investment and economic and commercial exchange. The German MPs highly valued Vietnamese potential and said that the visit is an occasion for Germany to study and promote its economic cooperation with Vietnam in the near future.

German Ambassador to Vietnam Klaus-Christian Kraemer gave a reception here yesterday evening on this occasion.

Radio Reviews Ties, Cooperation With France

BK2007144794 Hanoi Voice of Vietnam in English 1000 GMT 20 Jul 94

[Station Commentary]

[Text] Radio France International has quoted a source from the French Embassy in Vietnam saying France decided to write off Vietnam's 1.7 billion francs debt. The decision was made in advance of the visit to Vietnam by the French Economic Minister Edmond Alphandery on 20 July. The French economic minister plans to sign agreements with Vietnam under which France will continue to provide financial aid to Vietnam. It is a manifestation of new development in the bilateral relations between Vietnam and France.

Recently, and especially in the past two years, relations between Vietnam and France have been developing strongly. 1993 saw an important event with the official visit to Vietnam by French President Francois Mitterrand, and the visit to France by Vietnamese Prime Minister Vo Van Kiet. These exchanged visits marked a turning point in bilateral relations. It was followed by trips to Vietnam by many French senior officials, businessmen, and famous singers such as Patricia Kaas. All expressed support to the renovation process of Vietnam with [word indistinct]. At a recent reception given to Vice President Nguyen Thi Binh on her way back from South Africa, French President Mitterrand once again affirmed France's support and assistant to the ongoing renovation process in Vietnam and its role in Southeast Asia.

At present France ranks the third after Taiwan and Hong Kong among 41 countries investing in Vietnam. By January 1994, France invested in 50 projects in Vietnam with a total capital of $615 million. France is at the same time, the biggest trading partner of Vietnam in western Europe, and the fifth biggest trading partner of Vietnam in the world.

In the last few years, France's non-refundable aid to Vietnam has been increasing. In 1993, France agreed upon 360 million francs towards a project to help Vietnam, and then agreed to write off one fourth of the remaining debt Vietnam owed France. France also committed to help Vietnam improve the quality of its products to be suitable for export to the European Union and the rest of the world. France has also been serving as a bridge for Vietnam to integrate into international monetary organizations and help Vietnam clear its debts with these organizations.

France To Cancel 1.7 Billion Debt

BK2107104794 Hanoi Voice of Vietnam in English 1000 GMT 20 Jul 94

[Text] France is writing off a Vietnam's debt of 1.7 billion francs. The decision was made to coincide with the visit to Vietnam by French Economic Minister Edmond Alphandery on 20 July. The French minister is expected to sign an agreement on France's continued financial support to Vietnam in 1994.

Prime Minister Addresses Southern Province

BK2107081594 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 20 Jul 94

[Text] Following its working sessions with the northern and southern provinces, the government met with leaders of southern provinces and cities from Lam Dong and Ninh Thuan southward from 18-20 July to discuss the need to further improve administrative procedures and work out the most important policies and measures to implement the socioeconomic development plan for the last six months of 1994. Prime Minister Vo Van Kiet directed the meeting.

In his closing speech, the prime minister stressed that it was very important for the southern provinces and cities to concentrate efforts and take more positive measures to guide and direct the drive to increase budget revenues, reduce unnecessary expenditure, and practice thrift to better ensure local budget balance. He also reminded them of the need to make full use of all sources of capital at home and abroad to support credit services and investment projects, thereby guaranteeing steady socioeconomic progress.

Prime Minister Vo Van Kiet pointed out the need for all provinces and cities to work out practical measures to deal with tax collection shortfalls. This will include major losses resulting from the misappropriation of fees on transfer of land use right and house sales as well as from the embezzlement of assets and goods seized in the framework of the campaign against corruption and smuggling, thereby increasing state budget revenue.

Regarding the need to further improve administrative procedures, Prime Minister Vo Van Kiet instructed all provinces and cities to take adequate and open measures to propagate, clarify, and disseminate state laws and regulations among the population. Immediate action must be taken to amend regulations that no longer apply or inconvenience the people. Timely measures must be taken by the agencies concerned to respond to citizens' suggestions, complaints, or denunciations.

Hanoi Records Good Economic Performance

BK2107093894 Hanoi Voice of Vietnam in English 1000 GMT 20 Jul 94

[Text] Deputies of the Hanoi Municipal People's Council have met to review activities in the first six months and work out orientations for the last half of 1994.

They noticed with satisfaction that the growth rate was much higher than the same period last year. Industrial output increased 20 percent, attaining 44 percent of the 1994 plan. In the first six months of 1994, there were 31 foreign projects with a total investment capital of $220 million. By the end of June, Hanoi had 135 joint venture projects. Regarding export turnover, a figure of $65 million was recorded, an increase of 50 percent or 40 percent of the 1994 plan. Improved living conditions for the people generally were also recorded.

News Conference Held on Market Fire

BK2007161294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 20 Jul 94

[Report on a news conference held by Dinh Hanh, Hanoi Municipal People's Committee vice chairman, in Hanoi on 20 July]

[Summary] "As you know, the Dong Xuan market in Hanoi was hit by a fire on 14 July. This fire was completely put out at 1200 on 16 July.

"At the conference, Comrade Dinh Hanh made known that there were two people killed—one male and one female, five slightly burned, and two injured.

"As for material losses, it is initially confirmed that goods stored at 273 out of 875 stalls on the first floor were spared by the fire. They remain untouched by fire or were only partly burned. All these goods have been returned to their rightful owners. On the second floor, there were 993 stalls, including five electronics stalls. The remainder were stalls selling fabrics, garments, and sundries. Except for those goods, including electronic goods, which were evacuated when the fire just started, the remainder were completely destroyed by fire. On the third floor, there were 427 stalls and 20 closets. All 427 stalls were destroyed. Whereas, 17 out of the 20 closets storing fabrics and garments were spared by the fire and all the contents were removed and returned to their owners on 18 July.

"Comrade Dinh Hanh also reported that since 15 July, the municipality has undertaken many actions to gradually overcome the aftermath of this fire. On 17 July the municipal security police inspected the site of the fire and reached a conclusion regarding the cause of this fire. The police are, in coordination with other central organs, to recheck the information collected so they can promptly announce their findings."

According to the Hoan Kiem Precinct People's Committee, "all the Dong Xuan market vendors were not covered by any life or property insurance policies nor were they insured against fire. Only the Dong Xuan Market Management Board had an insurance policy for the market structure."

The public work sector has organized a clean-up for the floor space of the market and ensured uninterrupted traffic in the areas nearby.

"According to a report, as of 18 July, the municipal security police had arrested and taken legal action against 16 persons on charges of taking advantage of the fire to loot."

Truong Van Hai, a security guard of the market, was arrested for failing to turn off the main power switch at the market, using electricity to cook food, and leaving his sentinel post, which resulted in the fire.

"Prior to the fire, there were 1,891 registered vendors at the market. The Hoan Kiem Precinct People's Committee has completed a name list of stall owners at the Dong Xuan market and forwarded it to the precincts and districts where the stall owners reside so the local administration can persuade these victims to remain calm and to do their business temporarily at other markets in the city. Some 1,930 copies of the loss declaration form have been distributed to the vendors to declare their losses. So far, 144 loss declaration reports have been received. Almost all the vendors claimed to have suffered considerable losses with the average per-capita losses amounting to over 70 million dong."

The municipal people's committee has directed the Hoan Kiem Precinct People's Committee to build temporary market places on Phung Hung, Nguyen Thiep, and Hang Khoai Streets for the Dong Xuan market vendors. Funds to build these temporary market places will be allocated by the state. Relevant vendors will be exempted from rent for space and stalls. Those vendors who can arrange for themselves a temporary place to do their business at their households or in other places will be given an amount of money equal to the cost of building a stall at temporary market places.

"Comrade Dinh Hanh further reported that the government met in Ho Chi Minh at 1900 hours on 19 July to examine the case of the Dong Xuan market fire. Deputy Prime Minister Phan Van Khai chaired this meeting. Also present were Deputy Prime Ministers Tran Duc Luong and Nguyen Khanh and the heads of the Ministry of Construction, the State Planning Commission, the Ministries of Labor, War Invalids, and Social Welfare, and Commerce.

"After hearing a report on the Dong Xuan market fire, Deputy Prime Minister Phan Van Khai concluded by saying the government regarded this fire a natural disaster. Therefore, all relief measures must be based on this spirit. We must look into the plight of each household affected by the fire instead of taking the matter casually and indiscriminately. The government favors the measures taken by the Hanoi municipality to promptly stabilize the life of the affected vendors. These measures call for promptly building temporary market places and sending the vendors to various precincts and districts. The Ministry of Construction must join with the municipality in evaluating the losses and promptly working out a plan to rebuild the market. We must give relief aid to the vendors, reschedule their debts, loan them money so they can continue their businesses, and consider granting them tax exemptions or tax reductions.

"The government views the Dong Xuan market fire as a great loss. Therefore, the state and the people must jointly resolve the situation in order to promptly overcome the aftermath and stabilize the people's lives."

Malaysia's Petronas Corporation Finds Oil

BK1707150594 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 17 Jul 94

[Text] A semiofficial weekly newspaper in Vietnam says Petronas, the Malaysian national oil corporation, has found oil offshore Vietnam. THE VIETNAM INVESTMENT REVIEW said tests were continuing to determine the flow rate but so far they were inconclusive. THE REVIEW is published by Vietnam State Committee for Cooperation and Investment. The paper said they had come up with a high show of hydrocarbon at the exploratory well, which may lead to a major find. Petronas, under contract with Vietnam state oil corporation PetroVietnam, is exploring Block One and Two in oil fields off Vung Tau in southern Vietnam.

Prime Minister Issues Directive on Electricity

BK2007105194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Jul 94

[Text] There have been articles in the press recently discussing the loss of electricity in Ho Chi Minh City. Prime Minister Vo Van Kiet issued a directive asking the chairman of the Ho Chi Minh City people's committee and the minister of energy to investigate the situation as described by the press, to formulate a concrete plan to prevent power loss, and to collect power use fees in arrears from local people and state and foreign agencies in the city. A comprehensive plan must be submitted to the prime minister by 30 July at the latest.

Australia

Evans Defends Consistency on Human Rights

LD1907132594 Melbourne Radio Australia in English 1100 GMT 19 Jul 94

[Text] Australia's foreign minister, Gareth Evans, says Thailand's deputy foreign minister, Surin Phitsuwan, has misunderstood Australia's position on human rights. The comment follows an interview by the Thai deputy foreign minister who told Radio Australia that Australia had mercenary double standards in dealing with human rights. Dr Surin said Australia applied different human rights standards according to its commercial interests.

Senator Evans said Australia regarded human rights as universal and would clarify the position when he visits Bangkok next week.

[Begin Evans recording] Australia has absolutely nothing to apologize for so far as the consistency and effectiveness of our human rights representations are concerned. We're absolutely consistent in the way in which we regard human rights as universal issues, not simply Western hangups, and pursue them consistently, country by country, whatever the nature of our relationship with them. And we are selective, we're sensible, or differ a little in the way in which we actually present human rights concerns, certainly. We frankly acknowledge that. But we deliberately do that in order to respond to the particulr kind of environment we confront which is different country by country. [end recording]

Minister on Indonesia's 'Cultural Insensitivity'

LD1807180094 Melbourne Radio Australia in English 1700 GMT 18 Jul 94

[Text] Australia's Foreign Minister Gareth Evans has criticized what he has called Indonesia's cultural insensitivity in East Timor. This follows last week's attack by security forces on demonstrators demanding an end to attacks on Roman Catholic leaders and the desecration of church symbols. At least 20 students were badly injured in the attack. Some observers say it was the most violent clash since the Dili massacre in 1991 in which at least 50 people were killed. Senator Evans says Australia was continuing to press to have a diplomatic office in East Timor.

[Begin Evans recording] Now they are obviously real issues to be addressed—about the quality of the human rights environment in East Timor, about the omnipresence still, unhappily, of the military there, of a degree of obvious cultural insensitivity as is shown in the events of the last few days—and I do not think it does any harm for the spotlight to be kept on those issues. [end recording]

Government Provides Emergency Aid for Rwanda

BK2107080094 Melbourne Radio Australia in English 0500 GMT 21 Jul 94

[Text] Australia is to provide another $1.5 million [Australian currency] in emergency aid to Rwanda. Development Cooperation Minister Gordon Bilney says this will bring Australia's contribution to more than $2.5 million. (Vicky Thompson) reports:

[Begin recording] The latest package of assistance includes $750,000 to the United Nations High Commissioner for Refugees; $260,000 to the World Food Program to purchase communications equipment, which will include equipment made in South Australia, to help with food distribution operations in Rwanda and Tanzania; $350,000 will be given to the International Committee of the Red Cross to provide medicines, sanitation, and safe water supplies; $300,000 will be given to UNICEF Australia to provide blankets and cooking utensils. Australia will also send over $100,000 worth of Australian-made high energy biscuits and a further $300,000 will be given to Care Australia for mobile health teams. Mr. Bilney says the latest advice to the federal government indicates that cash contributions to agencies already on the ground is the best way of providing help at this stage. [end recording]

Company Plans To Sell New Defense System

BK2007084694 Melbourne Radio Australia in English 0500 GMT 20 Jul 94

[Text] A South Australian defense company says it's made a breakthrough in training systems which will put it in a good position to supply navies around the world. The company, (Amrad), has won a $2 million contract to develop an on board training system for the Australian navy's existing frigates.

A company spokesman, Gary Smith, says the new simulation system enables training to be done at sea or in port without real planes or ships having to act as targets. Mr. Smith says (Amrad) hopes to supply the (?system) to the navy's ANZAC frigates as well as sell it to other countries. (Amrad) is owned by the South Australian government's technology transfer company, (Sagret) International.

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